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New Flaws Undermine Security Of Internet

By John Markoff
New York Times Service

SAN FRANCISCO — Newly publicized weaknesses in the basic structure of the Internet indicate that the worldwide computer network may need a time-consuming redesign before it can be safely used as a commercial medium.

The flaws could allow an eavesdropper or criminal to divert many types of documents or software programs traveling over the Internet, examine, copy or alter them, and then pass them on to the intended recipient — who would have no easy way of knowing that the files had been intercepted.

Electronic mail and credit card numbers could be read and copied, and special security techniques meant to protect such transactions could be dismantled without the user's knowledge.

That such security flaws exist is not surprising in a system designed originally as a scientific experiment. But the recent rush to the Internet by companies seeking to exploit its commercial possibilities has obscured the fact that giving the system a new purpose has unearthened fundamental problems that could well put off true commercial viability for years.

"Companies would have you believe this is a trivial problem," said Eric Brewer, a professor of computer science at the University of California at Berkeley. "But now there is a financial incentive to exploit these flaws and to do it secretly."

The problems were described in a posting that researchers at the university made this week to several on-line discussion groups. While the discussion groups are intended for computer security experts, they are potentially accessible to millions of Internet users — including break-in artists, who can monitor such electronic discussions for tips on ways to crack computer systems.

The researchers who described the Internet weaknesses include two Berkeley computer science graduate students who noted a security weakness in a popular Netscape Communications Corp. software program last month.

Then as now, the students said they were publicizing the problems to underscore vulnerabilities facing all companies and customers wishing to use the Internet for commerce.

When the Netscape problems were disclosed last month, the company said the security flaws would be corrected in the next version of its software, which would be available at no charge from Netscape's Internet site.

But the newly publicized flaws in the Internet itself indicate that even if a user downloaded a copy of the new, improved Netscape program, a criminal could tamper with the copy along the way and make it unsafe for use in credit card transactions.

The problem is not Netscape's alone. It could affect any organization that operates a computer from which files or software could be downloaded over the Internet. The weakness can be traced to the technical underpinnings of the network, which was set up more than a quarter-century ago not as a medium for conducting business but as a way for academic and scientific researchers to exchange information.

The disclosure of the flaws casts doubt on the aspirations of companies like Netscape, which last summer had one of the most successful stock offerings in Wall Street history based on the promise of the impending arrival

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Roland Lino/The Associated Press
A French peacekeeper watching utility workers in Sarajevo on Wednesday as a colleague caught up with his reading.

Rebels Suspend Chechnya Truce Accord

They Ask for UN Troops in Another Sign of Rising Tension

By David Hoffman
Washington Post Service

MOSCOW — In another sign of deepening tension in the breakaway republic of Chechnya, rebel leaders Wednesday suspended the July 30 military accord with Russia and demanded that international observers and United Nations troops be brought in before they will return to the bargaining table.

The Organization for Security and Cooperation in Europe, meanwhile, reduced the number of diplomats, to two from six, at its mission in Grozny, the capital of Chechnya, where Russia and the rebels have negotiated. The mission has been the recent target of threats and a grenade attack.

The Chechen rebels' announcement

came two days after Russia said it would suspend participation in the talks, following a bomb attack that gravely wounded its military commander in the region, Lieutenant General Anatoli Romanov. Fifteen others were wounded and three were killed.

The attack set off days of debate among senior Russian officials about whether to impose a state of emergency in the secessionist republic. President Boris N. Yeltsin said he was not yet ready to take such a step because other options had not been exhausted, but his hard-line defense and interior ministers have continued to voice support for the plan.

The rebel leader, Dzhokhar Dudayev, said through a spokesman in Grozny that the military accords had been suspended and that UN troops were needed. Russia has insisted that the conflict is an internal

matter and is likely to reject the demand for international troops and observers.

In the statement, Mr. Dudayev accused Russia of "continued rocket and bomb attacks against settlements, causing heavy losses against civilians." The rebels have charged that the Russians launched an air attack last Sunday on the village of Roschi-Chu, southwest of Grozny, and shelled Mesker-Yurt, east of the capital. The rebels say the attacks left 40 dead and 84 wounded.

The Russian Army denied that it carried out the attacks, but said there had been a fire fight near Mesker-Yurt in which troops responded to an attack from Chechen fighters.

Arkady Volksy, deputy Russian negotiator, said in a television interview Wednesday.

See CHECHNYA, Page 6

Patten Shows Hong Kong Who Continues to Govern

By Keith B. Richburg
Washington Post Service

HONG KONG — In his penultimate annual policy address to the newly seated legislature, Chris Patten, Hong Kong's last colonial governor, showed Wednesday that he is not about to bow out quietly in the remaining 629 days before China takes over this territory.

Mr. Patten spoke for two hours, promising that the outgoing administration will spend more money to care for the elderly and the sick, build new schools and public housing units, cut back on imported labor to combat growing unemployment and step up the battle against corruption and rising crime.

The governor called for lawmakers to give "broad support" to his program and promised to use his constitutional powers as Britain's last appointed governor to veto any legislation he does not like.

And Mr. Patten, who has angered Beijing by expanding democracy and voting rights in the colony, also had a word of

advice for Hong Kong's future rulers: Respect its freedom and "trust Hong Kong."

"I hope that the future sovereign power will show that it does so by starting to talk to members of this council — to all members of this council — who are better placed than most to help others understand the key to Hong Kong's success," he said.

Mr. Patten spoke after the 60-member legislature — the most democratic in Hong Kong's history — was officially sworn in and had elected its new president. China had repeatedly threatened to disband the legislature as soon as it takes control of the colony in 1997, replacing the elected members with an appointed "provisional legislature" chosen by Beijing.

The governor opened his address by saying he saw no reason that members elected last September should not be allowed to serve their full four-year terms.

When he made his first such policy address shortly after arriving here as governor in October 1992, Mr. Patten was at the

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Charles Platiau/Reuters
Prime Minister Juppé of France won breathing room in a scandal. Page 7.

AGENDA

Cuba Optimistic About Russia Talks

HAVANA (Reuters) — Foreign Minister Roberto Robaina González of Cuba said Wednesday that Cuba and Russia were prepared to start a new chapter in their political and economic relations that would put the difficulties of the recent past behind them.

"There is a willingness on both sides to start a new stage, one that will be characterized by concrete steps," Mr. Robaina said before beginning talks with First Deputy Prime Minister Oleg N. Soskovets of Russia, who arrived in Havana on Tuesday with a delegation of senior government officials and businessmen.

The Russian delegation was the most important to visit Communist-ruled Cuba since the breakup of the Soviet Union in late 1991. The visitors were to hold a week of detailed talks with Cuban leaders aimed at trying to revive political, economic and military ties.

Russia's Interfax news agency, quoting a Russian government source, said the talks would result in the signing of a bilateral trade and payments agreement for 1996-1998.

Dow Jones	Trib Index
Up 14.45	Down 0.45%
4735.25	124.13
The Dollar	
Wed. close	previous close
DM 1.4255	1.4181
Pound 1.5718	1.5781
Yen 101.03	100.725
FF 4.9545	4.9555

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Cheers for Israeli Pullout

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Ozone Study Earns Nobel

SPONSORED SECTION Uganda's Long Clean Stock Page 13-15

No Exit for Crewmen Aboard Mir

Lack of Cash for Replacements Keeps Them Aloft

Agency France-Press

MOSCOW — The European mission aboard the orbiting Russian space station Mir will have to stay on for an additional five weeks because there is not enough money to send a replacement team, the Interfax news agency reported Wednesday.

Newspaper Prices	
Andorra	10.00 FF Luxembourg 65 L Fr
Arabia	12.50 FF Morocco 14 Dh
Cameroon	1,800 CFA Côte d'Ivoire 1,000 Riels
Egypt	1,800 FF Réunion 12.50 FF
France	10.00 FF Saudi Arabia 10.00 Fr
Gabon	1100 CFA Senegal 1,100 CFA
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Italy	2,800 Lire Tunisia 1,250 Din
Ivory Coast	250 CFA Turkey 1,100 Lira
Jordan	1,250 JD U.A.E. 10,00 Dhs
Lebanon	US\$ 1.50 U.S. M.L. (Eur) \$1.20

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International Classified Page 4

Spooked by Bungling, the CIA Backs Off in France

By James Risen
Los Angeles Times Service

WASHINGTON — It was portrayed here as a minor incident, a mere embarrassment to the intelligence community. Five Americans — four of them CIA officers — were accused by France in February of conducting an economic espionage operation against the government.

The French — American allies after all — expressed outrage. The American ambassador to Paris, Pamela Harriman, summoned the French to receive an official protest, also fumed.

The affair briefly made headlines, then faded. But now, U.S. officials quietly acknowledge that the episode has had far graver consequences than the Clinton administration ever let on.

The bungled operation forced the CIA to suspend virtually all its operations in France earlier this year, U.S. officials say. Although it could not be determined how long the suspension lasted, it almost certainly hampered the agency's ability to gather information in France on terrorism, arms smuggling and other matters.

The suspension, ordered by CIA headquarters in Langley, Virginia, apparently left the agency without a significant presence in one of the world's most important hubs for espionage in the post-Cold War world. A

CIA worker said a State Department official warned an agency officer in Paris not even to conduct clandestine operations against non-French targets inside France.

Furthermore, the Paris fiasco may have had a chilling effect on the CIA's ability to spy elsewhere in Western Europe. People at the CIA suggest that the episode so angered the French that they may have shared information about the CIA's economic espionage with other European intelligence services.

The incident has prompted an investigation by the CIA's inspector general, Fred Hitz, who is trying to determine whether agency officials failed to properly notify Mrs. Harriman of their activities. The ambassador has refused to comment.

People familiar with the case said Mr. Hitz is also trying to ascertain whether carelessness by the CIA agents in the field was responsible for the operation's exposure — what the CIA calls in spy jargon "poor trade-craft." His investigation is expected to be completed by the end of the year.

CIA officials would not talk about the case, and no one interviewed in connection with it agreed to speak on the record because most of the information about the episode remains classified.

But the case has frustrated senior lawmakers on Capitol Hill, some of whom complain that the CIA failed to keep Congress informed.

"They didn't tell us anything before the operation blew up," said one member of the Senate Select Committee on Intelligence, who spoke on condition of anonymity. "They only told us about this at the time that it was hitting the papers."

The case is said to be only the latest skirmish in an economic spy war that has been under way between the United States and France for years. U.S. officials accuse the French intelligence service of trying to pry industrial secrets out of U.S. corporations, angering both the CIA and the FBI.

The February episode is a striking example of the kind of problem the CIA will face as it tries to adapt to new demands now that the Soviet Union is gone, experts said. And in an era when economic competition is paramount, the line between friend and foe is likely to become increasingly blurred.

In the French operation, the CIA was, in effect, spying for Hollywood: At least part of the mission was reportedly intended to determine the strength of the French in television and telecommunications trade negotiations. The United States was opposed to French demands to restrict imports of U.S. television programming into Europe.

People familiar with the case said the operation was See SPIES, Page 6

10/12/95

THE AMERICAS

An Odd Alliance Opposes Immigration Bill

Conservatives and Liberals Join With Businesses and Church

By Matthew Purdy
New York Times Service

NEW YORK — As Congress considers some of the most severe anti-immigration measures since the 1920s, it is facing resistance from a surprising alliance of high-tech manufacturers, religious leaders, conservative think tanks, civil liberties organizations and tiny, grassroots immigrant groups.

From Microsoft, which is fighting limitations on visas for foreign computer scientists, to the Roman Catholic Church, which is battling for the rights of political refugees, the coalition is giving some heft to the loosely organized opposition by immigrants, who belatedly realized that the mood of the country had turned against them.

"There's a wide array of groups that think the legal immigration system is not broken and doesn't need radical changes," said Ira Rubinstein, a senior lawyer for Microsoft.

It is a loose alliance, and each group has its own concerns with the Omnibus Immigration Bill that is before the House Judiciary Committee, and with similar proposals in the Senate. The diversity of the opposition reflects the broad sweep of the various congressional proposals, which be-

gan as an attack on illegal immigration and were broadened to restrict legal immigration as well.

Manufacturers, insisting that to remain competitive they need foreigners with special skills, oppose attempts to limit visas used by U.S. companies to hire foreign engineers, computer programmers and scientists.

Ethnic groups in cities across the country denounce a proposal that would cut the annual level of legal immigration by 30 percent and restrict immigrants' rights to bring their foreign relatives here.

Church organizations and immigration lawyers oppose pending cuts in the number of refugees and the rights of people seeking political asylum.

And a proposed national computer system to enable employers to check the legal status of prospective workers has drawn opposition both from civil liberties groups, which fear it would lead to discrimination, and from anti-regulation libertarians and business organizations, who see it as an expensive and invasive growth of government.

These groups do not speak with a single voice, and they do not have a single agenda. But the cumulative effect of their activities is expanding what was a one-sided debate about how immigrants are draining the American economy to consider the role

of immigrants in helping the country stay competitive in the global economy and in restoring forgotten inner-city neighborhoods.

While it is unclear whether they are having any impact beyond that, the opponents of the new restrictions seem to have pushed the Judiciary Committee to consider splitting the omnibus bill into two, one focusing on illegal immigration and the other on legal immigration.

Representatives have been lobbied from all sides. The Massachusetts Immigration and Refugee Advocacy Coalition and the Reebok Shoe Co. have lobbied Representative Barney Frank, a Massachusetts Democrat who sits on the Judiciary Committee.

The National Association of Manufacturers, Intel and the Cato Institute, a conservative study group in Washington, have lobbied Representative Lamar Smith, a Texas Republican whose legislation contains the strong restrictions.

The most interesting union is between traditionally liberal immigration groups and pro-growth, free-trade conservative organizations, which defend immigration as a matter of principle and espouse the virtues of most immigrants. They have always agreed on the benefits of immigration, but they rarely allied themselves publicly.

Simpson Cancels NBC Interview

The Associated Press

LOS ANGELES — O.J. Simpson on Wednesday canceled his live interview with NBC, the network's news anchor, Tom Brokaw, announced.

The interview would have been the first extensive interview since Mr. Simpson was acquitted of the murders of his former wife and her friend.

Mr. Brokaw went live on the air to announce the change, saying Mr. Simpson's lawyers decided that they could not abide by the original agreement for the interview.

NBC had said it would conduct the interview only if it were done with no ground rules. Mr. Simpson's lawyers did not immediately return telephone calls seeking more information.

Mr. Brokaw said Mr. Simpson's lawyers objected to the nature of the questions that NBC was going to ask. Mr. Simpson faces wrongful-death lawsuits that limit what he can say.

Mr. Simpson, who declined to take the stand during his yearlong trial, was to have

been asked about evidence, domestic abuse and other key issues, the president of NBC News, Andrew Lack, said Tuesday.

The interview promised to be a ratings bonanza for the network. But it also drew criticism, scared off advertisers and forced other networks to change programming.

Since Monday, when it announced the interview, NBC had been deluged with angry telephone calls, a spokeswoman said.

It has also faced organized protests, particularly from women's groups. In addition, some advertisers were so opposed to taking part in the other two hours of the program that they pulled commercials they had paid for in the programs the Simpson interview would have replaced.

Mr. Brokaw and Katie Couric were to question Mr. Simpson as part of a three-hour "Dateline NBC" special on Mr. Simpson, his former wife, Nicole Brown Simpson, and Ronald L. Goldman. The live, one-hour interview, which was to run uninterrupted by commercials, would have been the centerpiece of the program.

POLITICAL NOTES

Perot Voter Sign-Up Lags

LOS ANGELES — With less than two weeks to the qualifying deadline, preliminary voter-registration figures from California counties critical to Ross Perot's hopes of creating a new national political party indicate that the Texas billionaire's effort is falling far short of the goal.

To qualify in California, the first and perhaps most critical test of the proposed new party's appeal, Mr. Perot and his supporters must register 89,007 new party members by Oct. 24. But on Tuesday, voter registrars for Orange and San Diego counties reported that only 437 people had signed up so far as new members of the Reform Party.

Los Angeles County officials said that as of Oct. 5, the latest data they had available, Reform Party backers had submitted only 22 registrations. County officials said they would not have a new tally until Friday.

The Secretary of State's Office declined to provide statewide totals, but the three Southern California counties provided nearly half of the 2.3 million votes Mr. Perot received in the state when he ran as an independent presidential candidate in 1992. (LAT)

A New Zeal for Tax Cuts

WASHINGTON — The Senate Finance Committee will approve the full \$245 billion, seven-year Republican tax cut, dismissing speculation that the proposal's cost would be trimmed to placate a loose band of conservatives and moderates uneasy with the plan, according to Republican leaders in the Senate.

The Senate majority leader, Bob Dole of Kansas, said to reporters: "We're at \$245 billion." The chairman of the committee, William V. Roth Jr., Republican of Delaware, pledged that the package would include practically all of the tax provisions in the House-passed version — including a \$500-a-child tax credit, a reduction in the capital gains tax rate and a raft of tax breaks for businesses.

But Republican leaders are considering ideas for reducing the cost of the tax credit by lowering the income eligibility cutoff for families to \$100,000 a year, from \$200,000, and by making the credit temporary, sources said.

Away From Politics

Flight attendants who struck American Airlines in 1993 have won a 17 percent pay increase over six years. In addition, the 20,000-member Association of Professional Flight Attendants retained their vacation time and most of the work rules that American had sought to change. (NYT)

The removal of Doris Duke's former butler and the United States Trust Co. as executors of the late tobacco heiress's \$1.2 billion estate by a surrogate court was upheld by a New York state appeals court. Last May, Surrogate Eve Prentinger dismissed the butler, Bernard Lafferty, from his duties as executor after ruling in Surrogate's Court in Manhattan that he was using Miss Duke's immense fortune to finance his own "profligate life style." (NYT)

An 88-year-old woman died after being stung by hundreds of Africanized honey bees.

Plan to Cut Medicare Is Backed By Doctors

By Robert Pear
New York Times Service

WASHINGTON — After receiving assurances that Medicare payments to doctors would be cut less than originally planned, the American Medical Association expressed support for a House Republican plan to redesign the medical plan for the elderly.

Leaders of the association issued a statement after meeting with the House speaker, Newt Gingrich, saying, "AMA endorses House GOP plan to transform Medicare."

Meanwhile, a new element in the proceedings was announced Wednesday when the White House accused congressional Republican leaders of breaking off informal talks on a compromise budget.

"They broke off discussions," the White House press secretary, Michael McCurry, said when asked whether the budget talks were at a standstill. (WP, Reuters)

Gramm in Hanging Mood

WASHINGTON (Combined Dispatches) — Senator Phil Gramm is upping the ante in his bid for the Cuban American Republican vote in southern Florida.

Wearing a borrowed guayabera while campaigning in Miami's Little Havana section, the Texas senator expanded on the position of some of the other contenders for the Republican presidential nomination that President Fidel Castro of Cuba be barred from traveling to the United Nations in New York.

"The only purpose that we should allow Fidel Castro into America is to put him in prison or to hang him," Mr. Gramm said, according to the Miami Herald.

Mr. Castro applied for a visa Monday to attend the United Nations' 50th anniversary festivities, the State Department said Tuesday, adding that the application was under review.

In New York, Cardinal John O'Connor of the Roman Catholic Church expressed a willingness to meet with Mr. Castro, the cardinal's spokesman said. The spokesman, Joseph Zwilling, said the Cuban government had made no request for such a meeting. "The cardinal, as is his custom, would be willing to meet with him, if it's possible," he said. (WP, NYT)

Quote / Unquote

President Bill Clinton, in a speech Wednesday to the World Bank and the International Monetary Fund: "There are those who say that American should simply erect a wall and live within its own borders economically and, when it comes to foreign policy, we should just go it alone. But, my fellow citizens of our shared planet, economic interdependence is a fact of life."

The bees swarmed from the wall of a vacant house as Mary Williams walked home from her sister's house near Mesa, Arizona. (AP)

The award of more than \$8 million to a man whose liver was damaged by a combination of wine and Extra-Strength Tylenol was upheld by a U.S. appeals court in Richmond, Virginia. McNeil-P.P.C. Inc., makers of the acetaminophen pain reliever, claimed Antonio Bencic failed to prove that Tylenol caused his injuries. (AP)

Four boys have admitted to building the illegal campfire that is being blamed for setting off a wildfire that destroyed 40 homes and burned 12,354 acres in a Northern California seashore park. (AP)

NASA will try for a fifth time to launch the space shuttle Columbia on a laboratory-research mission Saturday. Columbia has been grounded for two weeks by a leaky engine valve, sluggish hydraulics, and most recently, a failed computer signal-relay box. A hurricane also caused one delay. (AP)

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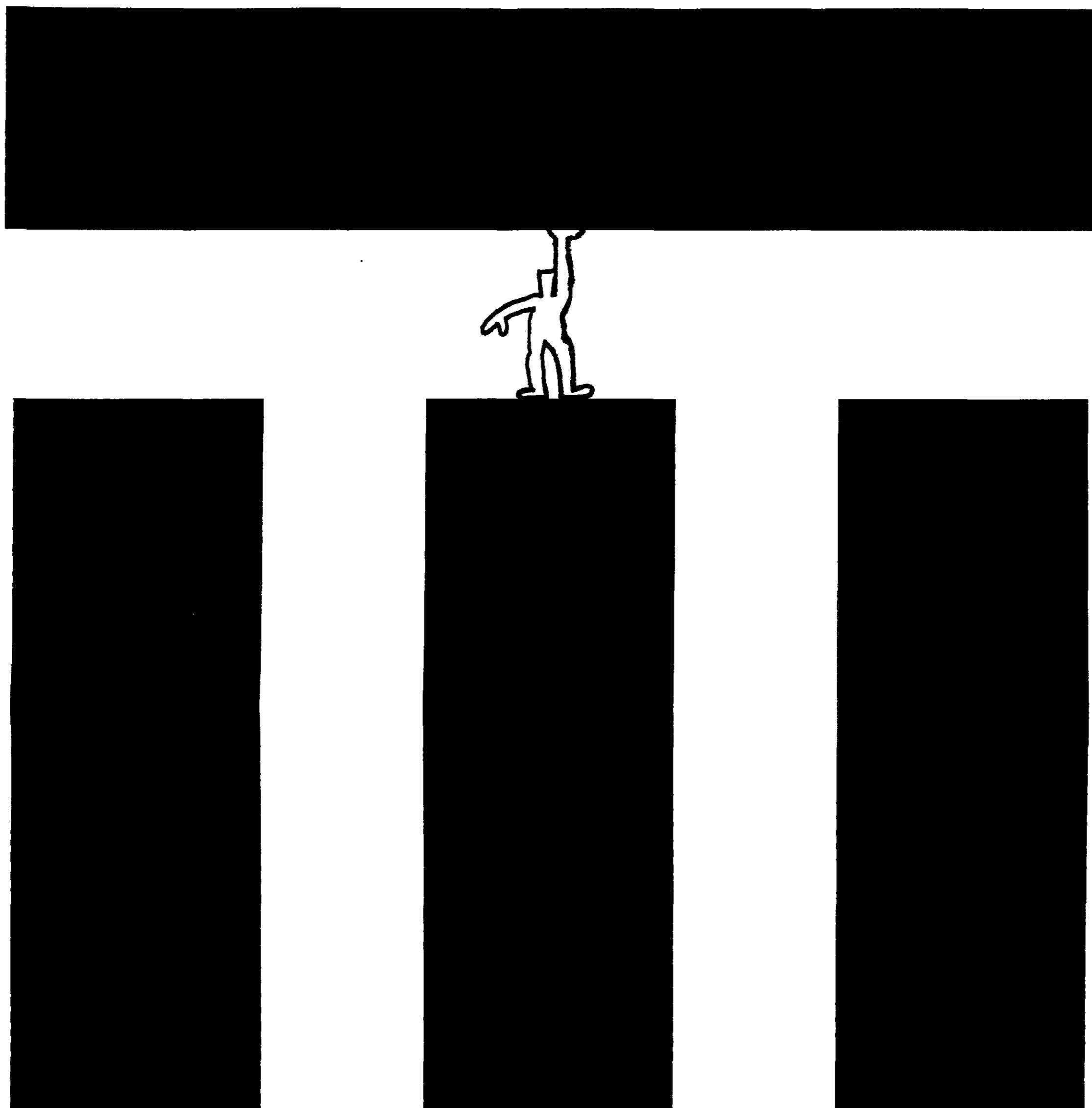
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INTERNATIONAL

Inquiry Into Train Sabotage Explores Grudge as Motive

Compiled by Our Staff From Dispatches

HYDER, Arizona — Workers started clearing the wreckage of the derailed Amtrak train Wednesday as federal investigators tried to determine whether the sabotage that killed one person and wounded 100 others was an act of terrorism aimed at the government or the terrible handiwork of someone with a grudge.

One source close to the investigation said authorities were "leaning a little bit more toward an inside job, either a railroad employee or an employee combined with an outside group." Another source cited railroad merger plans and said: "Employees could be laid off. Employees could be disgruntled."

But another source said the investigators had not made a determination. "We're still open-minded. We're not leaning in any direction yet. We're looking at railroad employees and radical groups."

The FBI director, Louis J. Freeh, was asked on his way out of a Washington briefing Wednesday if he expected to arrest "the guys" responsible for the derailment soon.

"Guys?" Mr. Freeh responded, underlining that the bureau has not reached conclusions about whether one or more persons were in-

volved or even the sex of the saboteur or saboteurs.

A manifesto left at the crash site was critical of local and federal police. But a government source said it differed in style from what investigators have come to expect from militant anti-government groups. A passenger who saw the manifesto said it appeared to be "sarcasm poetic."

At the wreckage, in and along the sides of a rocky, sun-baked ravine 27 miles (43 kilometers) east of this small desert town, cranes began lifting the overturned coaches so investigators could look under them. Sections of track were unloaded from flatbed trucks to replace the segments the saboteurs had damaged.

The train, carrying 248 passengers and 20 crew members from Miami to Los Angeles, hit tracks that had been loosened and moved from a section above the ravine. Two locomotives managed to cross a trestle over the ravine and stay on the rails. But several of its cars left the tracks, and three toppled into the wash.

A sleeping car attendant was killed. Amtrak said about 100 other people, including several children, were injured, five of them critically. Many were in cars that fell 30 feet (9 meters) into the ravine.

The FBI sent about 90 agents to the site, which made this the agency's second-biggest crime scene investigation after the bombing last April of an Oklahoma City federal building. The FBI is calling the probe "Operation Splitrail."

The manifesto discovered at the crash site mentioned federal raids on the Branch Davidian religious group near Waco, Texas, and on a family at Ruby Ridge, Idaho.

Investigators said the manifesto was signed "Sons of the Gestapo" or "Sons of Gestapo." Terrorism experts said they knew of no such group.

On Wednesday, Randy Weaver, the white separatist at the center of the siege at Ruby Ridge, issued a statement denouncing the sabotage and saying he had never heard of "Sons of Gestapo."

"I am angry that anyone would use the tragedy that occurred to my family as some kind of justification for further senseless killing and more tragedy," said Mr. Weaver, whose wife and 14-year-old son were killed along with a federal marshal in the 1992 siege. "I hope that the persons who derailed that train and killed and seriously injured innocent people will be caught and tried and brought to justice."

Michele Cruz, 29, a nurse from Sacramento, California, who was a passenger on the train, said she, too, had seen a copy of the manifesto.

As she walked along the tracks after the crash, Ms. Cruz said she spotted a man with a red beard and mustache who was guarding it. She said she did not know who the man was.

The message, she said, "started out as something like you read in a book, how people are victimized, something about as the lights go down in the night, the mothers and daughters begin to pray, possibly kneel to pray."

Ms. Cruz said the message was on a standard sheet of white typing paper. "The biggest impression on me was it was like brand new," she said. "It didn't look like it had been thrown around the desert."

The note was not handwritten but typed, perhaps by a computer printer, said a source close to the federal investigation. The source said its style differed from the usual rhetoric of anti-government militants. Another source agreed and described the message as two paragraphs long and "almost literary, poetic" in style. (LAT, AP)

Horrors in Bosnia Follow Old Cycle

None of These People Know What Human Rights Are'

By John Pomfret
Washington Post Service

GORICA, Bosnia-Herzegovina — The Muslim woman with dyed blonde hair was happy to learn that her hometown, Sanski Most, was captured Tuesday by forces of the Muslim-led government army.

The Serbs — the ones who kicked her out of her house, forced her to sleep outside for a week, stole everything she had and sent her across a minefield — were themselves on the run now.

The only problem, she said, was her husband. The last time she saw him was more than a week ago. Paramilitary troops from neighboring Serbia took him away with the rest of the men when they "cleansed" the Muslims from Sanski Most. They also grabbed most of the Muslim men from Prijedor and Bosanski Novi, two nearby cities. Then they kicked her and more than 6,000 women, children and elderly men out of northern Bosnia.

In the latest spasm of "ethnic cleansing" in Bosnia, thousands of Muslim women, children and old people have poured into villages such as Gorica near the Muslim-held central Bosnian town of Zenica, the victims of Serbian expulsion from northern Bosnia.

More than 1,000 Muslim men are missing, according to the UN High Commissioner for Refugees. Only one man between 17 and 65 years old has arrived in the area since the expulsions began Friday. A 48-year-old businessman, he bought his freedom from Serbian paramilitaries for \$500.

The cruelty on all sides of Bosnia's divide underscores a main point that seems to escape Western negotiators who speak of the necessity of ensuring human rights as they try to secure a peace deal.

"None of these people know what human rights are," said Monique Tuffelli, who runs the Zenica office of the UN High Commissioner for Refugees. "They — and I mean all sides — have no idea how to treat people."

In Gorica, evidence of lack of respect for human rights was plainly evident. Women huddled in small groups. Some still shook with tears as they remem-

bered their exodus from Serb-controlled lands.

The story of one woman, Zumra, was illustrative of the rest.

Serbian paramilitaries led by Zeljko Raznatovic — known as Arkan — a Yugoslav gang leader with close ties to President Slobodan Milosevic of Serbia, barged into her house in Sanski Most on Sept. 22 and told her that she had five minutes to leave.

The Serbian toughs told Zumra to go to the village of Sloboci, just north of Sanski Most. For a while they found shelter there in the house of a friend. But when the friend was also expelled, the Muslim group — which had swelled to more than 20 people — had no place to go. They camped out, sleeping on the ground and living through a week of rain.

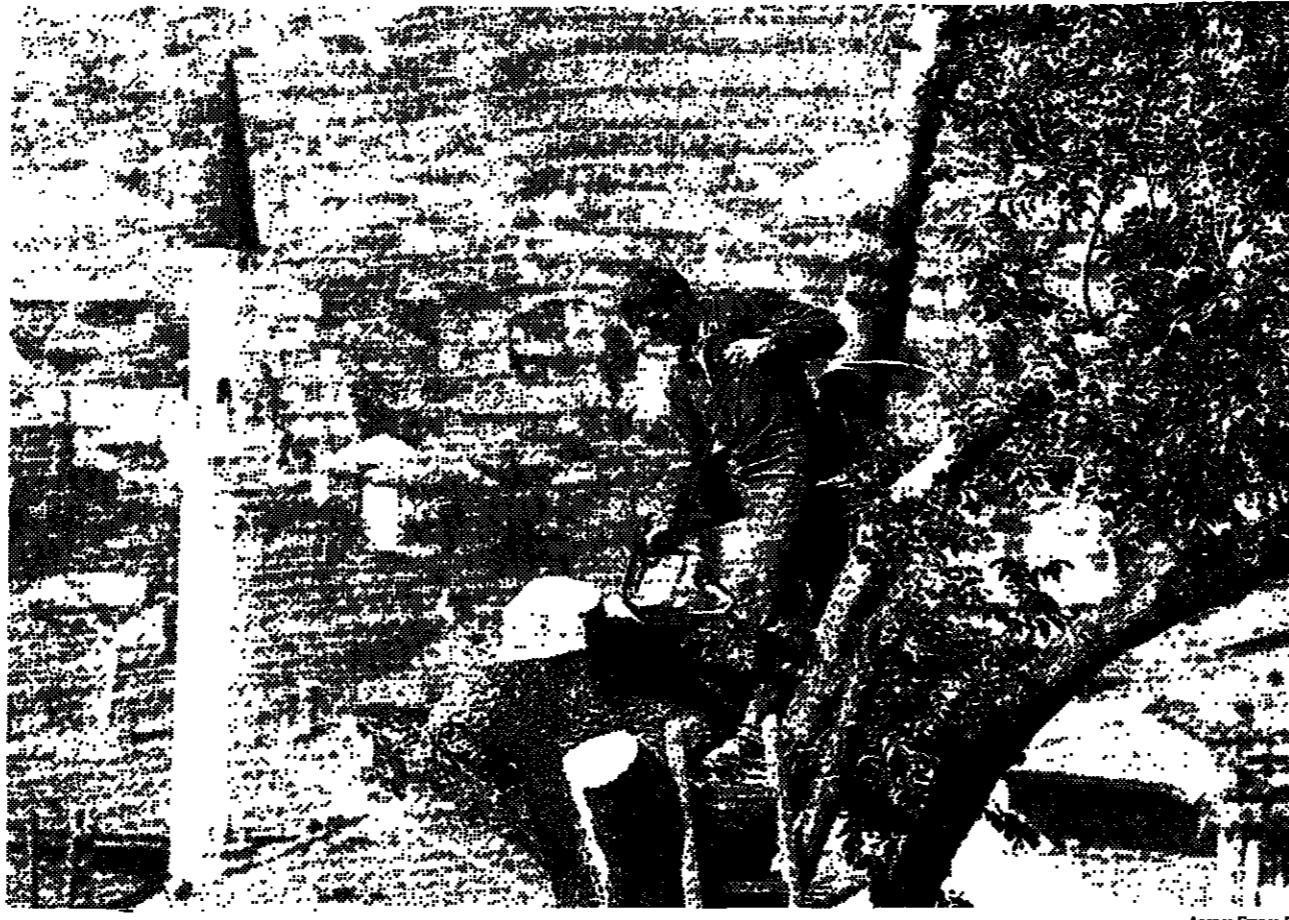
On Sunday, buses with license plates from Vukovar, a Serbian-held city in eastern Croatia where Arkan has a base, arrived in the town. The Serbs separated husbands, sons over 17 and fathers, generally below 65, Zumra said.

Arkan's men then moved the women onto the buses and off they went arriving in the town of Blatnica, about 100 kilometers (about 60 miles) away. During the trip, Serbian soldiers stopped the buses on numerous occasions, stealing every piece of jewelry they could find. Ms. Tuffelli said her office had received "credible" reports from two teenage girls, 16 and 17, that they had been raped along the way.

From Blatnica, the women, children and elderly ran another gauntlet of horror and tough times. More Serbs stole whatever remained of goods or money they had. Then leaving Serb territory, they were forced to cross — single file — over a makeshift bridge of logs that spanned a river swollen with rain. Zumra said she witnessed one woman fall into the waters.

When Zumra's children first saw soldiers from the mostly Muslim army on this side of the battlelines, they began shouting and tried to run toward the men. Zumra did not believe it and held them back.

"Then we realized it was true," she said. "We were safe. We all began crying."



A young man in Sarajevo taking advantage of the calm there Wednesday to cut firewood for the approaching winter.

TRUCE: Cease-Fire Is Signed as Thousands Flee Last-Minute Fighting

Continued from Page 1

struggle for freedom, honor and existence of the Serb people." Serbian authorities in the threatened town of Prijedor said.

Aggravating their plight, many Muslim refugees straggling into government territory are being sent against their will to resettle unstable frontline areas.

The International Committee of the Red Cross said 40,000 Serbs were on the move.

On the other side of the lines, the Serbs were rushing to expel up to 20,000 non-Serbs remaining in northern Bosnia, aid officials said Wednesday.

Aid officials predicted that even when a cease-fire began, it probably would not stop the brutal, last-minute effort to redraw Bosnia's ethnic map permanently.

"The expulsions are picking up, and we essentially ex-

pect that, within the next two weeks, all minorities will be expelled from the Banja Luka region," said Kris Janowski of the UN High Commissioner for Refugees.

"In the latest wave, we see no grain of humanity," said John Sparrow, a spokesman in Sarajevo for the International Committee of the Red Cross.

(Reuters, AP)

COLONY: Patten Shows Hong Kong He Has No Plans to Leave Quietly

Continued from Page 1

peak of his popularity, with a 64.1 percent approval rating, according to a poll by Hong Kong University that was published Wednesday in the Eastern Express newspaper.

This week, the poll showed Mr. Patten's approval rating is at a record-low 53.1 percent.

With his public support waning, with less than two years left in his governorship and with much of the diplomatic activity over Hong Kong's future shifted to London for talks between the Chinese and British foreign ministers, local commentators have speculated that Mr. Patten has become marginalized.

And this week, Sir Percy Cradock, the former British ambassador to Beijing who helped negotiate Hong Kong's handover to China, added his voice to the criticism. He said Mr. Patten "is being rapidly mar-

ginalized as the Chinese and British governments work together to reduce the damage his reforms have done.

"You now have the spectacle of the incredible shrinking governor," Sir Percy said in a local radio interview.

Mr. Patten, however, showed Wednesday that he had no plans to shrink away for the rest of his term. He spent part of his speech outlining how he expected to work with the new, more independent-minded legislature. The legislature is dominated by the Democratic Party and by independents, who have challenged the colonial government's historic monopoly on policy-making and promised not to be a "rubber stamp" for the executive.

Individual members have vowed to introduce bills on everything from changing the make-up of the future Hong Kong supreme court and writing a local bill of rights to trying to force the Chinese Com-

munist Party to make its activities public in the colony.

The governor said he hoped to work with the lawmakers "by consensus, wherever possible." He said "consensus" means legislators "being ready to give their broad support to the government's program and the government, for its part, taking as much account as it can of members' views."

But the governor made it clear that in this "final phase" of the transition to Chinese rule he is still the colony's chief executive. He said he would not hesitate to use his veto power to kill legislation that he deemed not in Hong Kong's interests.

Refusing to assent to legislation would be a difficult decision for me to make," Mr. Patten said. "However, I would not shrink from doing so in a particular case if it were my honest view that this course of action would be in the best interests of Hong Kong."

Individual members have vowed to introduce bills on everything from changing the make-up of the future Hong Kong supreme court and writing a local bill of rights to trying to force the Chinese Com-

INTERNET: New Flaws Found

Continued from Page 1

of a full-fledged on-line marketplace.

"Companies should take a step back and think about this a little more," said Ian Goldberg, one of the Berkeley students. "If it takes a bit longer but comes out more secure, we will all be better off in the long run."

The way many Internet systems are set up — especially the Internet's increasingly popular World Wide Web service in which software, images and video and audio clips can be easily downloaded — information is stored on a computer called a file server and then transferred

to a user's computer when it is needed.

The newly publicized weakness occurs in a widely used Internet protocol — or technical standard — known as the Network File System, or NFS. Because NFS does not have any means for allowing the recipient of a program or document to verify that it has not been altered during transmission from the file server to the user, any interception or tampering would go undetected.

"The Internet protocols have been insecure since day one," said Jeffrey L. Schiller, the manager of computer networks at the Massachusetts Institute of Technology and director of an industry task force that is trying to design a new secure version of the Internet.

But the group's timetable is uncertain, and even when it does have recommendations ready, Mr. Schiller is not optimistic that the industry will be willing to devote the time and money to put them into effect.

He said that many technologies already exist for improving commercial security on the Internet, but many of them require too much technical sophistication on the part of computer users.

MIRAGES & BROKEN MIRRORS: IN FORMER YUGOSLAVIA

In this moving tribute to the "ordinary people" of a war-torn region, photographer Charley Cupic reminds us of the millions of refugees, children, women, and aged who are the victims of this European conflict.

Born in Osijek, Charley Cupic was a student in Zagreb — before coming to Paris, where he has been working at the International Herald Tribune since 1972. His photographs have been exhibited and published in France, England, Germany, Switzerland, Italy and the former Yugoslavia.

"Cupic's work expresses the message — 'Life goes on' — that these victims wish to send us.... When Cupic's photographs appear on the pages of his book, we get a glimpse of this hope. This hope alone must guide us," Bernard Kouchner, Deputy of the European Parliament.

Published by Editions Altimira (Paris). 90 black & white photographs, 175 French francs. Can be ordered through your bookstore or from Village Voice Bookshop, 4 rue Princesse, 75006 Paris. Tel 33-1-46 33 36 47; Fax 33-1-46 33 27 43.

Metals & Gribune

THE WORLD'S DAILY NEWSPAPER



China Ready to Fight On Taiwan and Tibet, Singapore's Lee Says

Agence France-Presse

SINGAPORE — Lee

Kuan Yew, Singapore's senior minister, said in an interview published Wednesday that China was ready to go to war over Taiwan and Tibet.

He said that Beijing was ready to compromise on disputes like trade and intellectual property rights. "But if the U.S. interferes with the unity of China, that is a hostile act," he said. "They will respond, and damn the consequences."

Mr. Lee said Chinese officials told him that if Taiwan persisted with such efforts, "we cannot rule out the use of force."

Mr. Lee gave the interview to Global Viewpoint, a commentary service of the Los Angeles Times, which was serialized by Singapore's Straits Times.

Mr. Lee said Washington had touched sore points on Taiwan and Tibet, and "the Chinese have thus responded ferociously."

"This is a very dangerous zone to prod," he said.

"Anything that threatens China's unity is cause for war."

He said that Beijing was ready to compromise on disputes like trade and intellectual property rights. "But if the U.S. interferes with the unity of China, that is a hostile act," he said. "They will respond, and damn the consequences."

"The U.S. must simply accept that Tibet is part of China, that Taiwan is part of China," Mr. Lee said. "It should stop challenging that."

"If the Dalai Lama is led to believe through five-minute photo opportunities with President Clinton that he can act like Lee Teng-hui, China will not sit idly by," as the Chinese put it.

Lee Teng-hui is Taiwan's president. The Dalai Lama, the exiled spiritual leader of Tibet, met with President Bill Clinton at the White House on Sept. 13.

U.S. Weighs Giving Civilians Key to A-Bomb Production

Los Angeles Times Service

WASHINGTON — In a move that critics worry could blur the lines between civilian and military nuclear operations, the Clinton administration has said it would consider allowing a civilian reactor to produce plutonium for weapons.

The administration also said it might build a linear accelerator to make the gas, instead of using equipment to produce nuclear weapons.

By holding out the possibility of using a civilian reactor for the warhead gas, critics contend, the administration risks crossing the same line that it has accused North Korea and Iraq of crossing — a line that

SPIES: A Post-War Fumble

Continued from Page 1

blown when the French uncovered one of the spies, a part-time contract employee for the CIA. The French trailed her, eventually connecting her with the four CIA case officers, who were operating under diplomatic cover from the U.S. Embassy in Paris.

The French never arrested any of the agents and, after the publicity surrounding the case died down, allowed them to quietly leave the country.

The potential for spy wars among allies in the post-Cold War era seems to be generating friction throughout Europe.

EUROPE

BRIEFLY EUROPE

A New EU Presidency Is Proposed

BONN — German and French legislators urged the European Union on Wednesday to name its own high-profile president for a three-year term.

The proposal, published in the *Frankfurter Allgemeine Zeitung*, was contained in a position paper drawn up by about two dozen deputies from government and opposition parties in the two countries. They are seeking a consensus between Paris and Bonn on reforms to be sought from the Maastricht treaty review that starts next year.

Under their proposal, the president would head the semi-annual policy meetings of European Council, standing above the European Commission president and the Council of Ministers. Although the Council of Ministers would continue rotating its presidency every six months, it would be downgraded to the level of European affairs ministers or other heads of specific ministries.

"This would be a personality elected or chosen by the heads of government," said a foreign policy expert for the German Christian Democratic Party. "The idea is to provide more continuity at the top and have someone representing the EU to the outside."

The legislators also proposed that the commission president be elected by the European Parliament. (Reuters)

Concern Voiced on Cuba Embargo

BRUSSELS — The European Union on Wednesday criticized proposed U.S. legislation that would strengthen the United States embargo of Cuba by penalizing foreign countries that trade with Havana.

The bloc "views the House of Representatives' approval on 21 September of the Helms-Burton bill in a negative light," Spain, which holds the EU presidency, said in a statement. (Reuters)

Scharping Calls In a Repair Man

BONN — The opposition leader Rudolf Scharping is working on a new strategy for his faltering Social Democrats after three previous battle plans all failed to overtake Chancellor Helmut Kohl.

Mr. Scharping, badly battered by months of leadership fights, policy flip-flops and resignations of senior aides, took a step toward recovery Wednesday by naming an experienced Social Democratic politician to the post of party manager. Franz Müntefering, social affairs minister in the state of North Rhine-Westphalia, will fill the key post. (Reuters)

Papandreu Warns Party Rebels

ATHENS — Prime Minister Andreas Papandreu sought Wednesday to stamp out a revolt by senior members of his Socialist Party, saying "cowardice and ingratitude" would no longer be tolerated.

Mr. Papandreu, 76, acknowledged that top party members had turned against him. "A small clique of high-level party members is becoming a circle of self-destruction," he said in an address to a special session of the 150-member central committee of the party. (Reuters)

Calendar**European Union events scheduled for Thursday:**

STRASBOURG: European Parliament in session.

BRUSSELS: Commission President Jacques Santer and Hans van den Broek, commissioner for relations with Eastern Europe and the former Soviet Union, meet with President Sali Berisha of Albania.

BRUSSELS: Mr. Santer and Mr. van den Broek meet with the Bosnian prime minister, Haris Silajdzic, and the EU mediator, Carl Bildt.

BRUSSELS: Joâo de Deus Pinheiro, commissioner for relations with African, Caribbean and Pacific countries, meets with Prime Minister Hama Amadou of Niger.

PARIS: Yves-Thibault de Silguy, finance commissioner, gives a speech on a single currency before the Metals and Ores Federation.

FRANKFURT: Martin Bangemann, commissioner for industry and information technology, speaks at the Frankfurt Book Fair.

Sources: *Agence Europe, AFP*.

'The Knowledge' Sparks London Taxi War

By Fred Barbash

Washington Post Service

LONDON — You can spot them on their mopeds early in the morning or late at night, on streets thick with traffic or deserted. Attached to their windshields are detailed maps of London, thousands of blocks, millions of addresses. But they are looking for no place in particular; just everywhere in general.

They are studying to pass one of the hardest tests in the world: the exam that will qualify them to be a licensed London taxi driver. It may take them two years or maybe three to master this sprawling city, with its thousands of roads, avenues, crescents, gardens, mews and squares.

There are three Gloucester avenues, for example; about 10 Gloucester Roads; a Gloucester Circle, a Gloucester Close, Gloucester Gardens? There are three. Not to mention Gloucester Gate, Gloucester Grove and Gloucester Walk.

But if they learn all this, and pass the test, they have won what the drivers call "The Knowledge."

They also have a livelihood — a good one and sometimes a very good one, as the driver of one of London's 22,000 fabled "black taxis."

At the moment, they are engaged in a struggle, they say, to preserve their livelihoods: "The Battle of the Victoria Coach Station," as their posters and stickers say.

The enemies are another group of cabbies, the minicab drivers of London. They definitely do not have "The Knowledge."

Indeed, anyone with a driving license, a wreck of a car, and the money to install a radio can be a minicab driver. No test, no special license, no Knowledge.

But they charge less, sometimes a lot less, and are popular with people who do not have expense accounts. One cannot hail them from the street — that is not allowed. And they're not allowed at airports. You get them through touts. Or you telephone them through minicab syndicates whose cards litter the streets and find their way into millions of mailboxes.

The battle began last year when the Victoria Coach Station, near Buckingham Palace, contracted with one of these syndicates to install a minicab desk right in the bus station, giving these drivers a legitimacy, and an opportunity, they have never enjoyed.

So far, it has all been nonviolent. The weapons are the traditional taxis themselves. Four times in the past few months, most recently on Friday, the licensed taxi drivers have descended by the thousands on the station, shutting down their engines, clogging the streets, stopping traffic in the heart of London for miles around, leaving weary bus passengers wandering about in search of transportation, wondering what it was all about.

What it was all about, said Dave Jones, 37, who has "The Knowledge" and has been using it for 11 years, "is our livelihood."

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Prosecutor Says Juppé Rent Case Should Be Dropped

By Joseph Fitchett
International Herald Tribune

PARIS — Beleaguered by nearly record unpopularity, Prime Minister Alain Juppé won a little breathing space Wednesday when a prosecutor recommended shelving an investigation into benefits that Mr. Juppé derived from property owned by the city of Paris.

The public prosecutor, Bruno Cotte, in a recommendation

most likely to be adopted by the Justice Ministry, concluded that Mr. Juppé should not be prosecuted even though there was apparently a conflict of interest in his actions as a Paris official in 1990.

If Mr. Juppé had been charged, he would have had to resign.

Although the outcome did not exonerate him — the prosecutor demanded a written

promise from Mr. Juppé to move out of his city-owned apartment, and his son, Laurent, will do the same — it spared the government further embarrassing maneuvers to end the legal threat.

And it was added relief on a day when political tensions abated after a one-day strike, which won widespread support, by civil servants and public-service employees opposing government plans to freeze their

wages.

In response to the decision not to prosecute Mr. Juppé, the

French franc gained two cents times against the Deutsche mark on Wednesday on the London foreign exchange market. (Page 18)

While Mr. Juppé, 50, has vowed to soldier on, he appeared wounded politically. Success on a major issue such as health-care reform could turn around his political fortunes. But no French prime minister has come back from popularity ratings as low as the 25 percent approval rate for Mr. Juppé.

His aides make no secret of

their fears that a successor could appear in the wings early next year unless Mr. Juppé quickly reverses his slide.

After six months in office, the Juppé government has not solved its dilemma: curbing spending while living with expansive promises to convey a sharper policy image that the public can grasp.

The government floundered when it sought to fend off attacks on Mr. Juppé for allocating desirable residential properties, belonging to the city of Paris, to himself and his family. Ministers reportedly appealed unsuccessfully to Mr. Chirac to intervene in what many French people consider a small flaw in the light of Mr. Juppé's basic integrity.

Mr. Chirac has kept the country in suspense about where he really stands. While the government faced the biggest French strike in a decade, the president spent Tuesday at official talks in Madrid.

It is a classic tactic for a president to maintain an arm's-length relationship with his prime minister, using him as a shield during part of the seven-year presidential term. But the French press characterizes Mr. Juppé as an unusually solitary prime minister because Mr. Chirac seems completely detached about whether his protégé swims or sinks.

Chirac Backs Development Of Airborne Cruise Missile

Reuters

PARIS — President Jacques Chirac has decided to develop a long-range airborne cruise missile with a nuclear warhead while abolishing ground-based strategic missile sites, the defense newsletter ITU reported Wednesday.

The airborne missile will enable France's new Rafale fighter-bombers to fire nuclear weapons from distances of up to 900 kilometers (560 miles) from their targets, enabling pilots to stay out of range of most anti-aircraft defenses, the newsletter said.

France had planned to develop the new missile jointly with

Britain but London pulled out of the project in 1993.

ITU said Mr. Chirac had decided to go along with recommendations from a panel of government defense experts to close the Plateau d'Albion base in southeastern France, which harbors aging underground missile silos now considered vulnerable in a war.

France's nuclear strike force comprises a fleet of missile-launching submarines, bombing aircraft and the silos.

Its current nuclear tests in the Pacific are meant to certify warheads for the submarine missiles and prepare for computer simulations of nuclear weapons tests.

move the party from the left to the center of British politics.

Mr. Heseltine seized on Mr. Blair's claim to speak for World War II veterans and true patriots across Britain who wanted an end to 16 years of Conservative rule. He accused Mr. Blair of "patriotic rhetoric" devised by public relations spin-doctors.

Mr. Heseltine denied later

that he was delivering a coded rebuke to right-wingers, who had lapped up a stridently nationalist speech on Tuesday by the defense secretary, Michael Portillo.

But the European Commission, the executive arm of the European Union, had no such qualms. It condemned Mr. Portillo's anti-Brussels remarks as deplorable and grotesque.

Mr. Blair, who holds a 30-point lead over Mr. Major in opinion polls, scored a triumph at Labor's annual conference last week, winning overwhelming support for his mission to

ready to wrest back the political initiative from the buoyant Labour Party.

Rejecting defeatist talk of losing the next general election, which Prime Minister John Major must call by May 1997, Mr. Heseltine said the Conservatives were "a party determined to fight, with the unity to succeed, with the will to win."

A longstanding favorite with the annual conference, Mr. Heseltine mimed a Labor Party hopping to the left in a headlong rush for socialism only to abandon its principles, turn around and hop steadily to the right.

In his speech, Mr. Heseltine predicted that this week's annual Conservative conference would prove to be a turning point for a newly reunited party

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Rejecting defeatist talk of losing the next

EUROPE

NATO Forges Plan to Separate Warring Parties in Bosnia

By Rick Atkinson
Washington Post Service

BERLIN — NATO approved a five-stage plan on Wednesday night that is intended to separate the warring parties in Bosnia with at least 60,000 combat troops manning a 1,000-kilometer-long "zone of separation," diplomats said.

The concept presented by General George Joulwan, NATO's commander in Europe, and approved by the North Atlantic Council, the alliance's policy-making body in Brussels, envisions a one-year enforcement operation costing at least \$6 billion, the diplomats said.

General Joulwan's plan calls for NATO forces to pour into Bosnia through five entry points and to take control of defensive positions along the 620-mile "zone of separation" within 72 to 96

hours. NATO ambassadors authorized the general to extract formal troop contribution commitments from the alliance's 16 member states "within 24 hours," a NATO official said, and to complete his planning by early November.

One issue that provoked long debate in Brussels had to do with the military contributions from non-NATO states, particularly Russia, which has insisted on a major role in peace enforcement but is reluctant to cede total control of the operation to NATO.

At French insistence, NATO and Russian officials will meet "in the next couple days to get down to the nitty-gritty" of how to integrate forces, one diplomat said.

The alliance also will hold a meeting of an "ad hoc planning coordination group" in which any nation interested in participating in the so-called

implementation force can receive a briefing in Brussels on the planning. That will be followed later this month by more detailed discussions with non-NATO nations, particularly those from the Islamic world, about possible integration into the operation.

"There's a question of who comes forward but also a question of who do we want," the diplomat said.

"This is not a theoretical Partnership for Peace exercise," the diplomat added, referring to the NATO program intended to build ties with the emerging democracies of central and eastern Europe.

The ultimate size of the force will depend on the specifics of any peace accord, but officials in Brussels believe it will number up to 60,000 soldiers. The United States has mentioned

25,000 troops, and Russia is expected to offer 20,000, with large contingents also coming from Britain and France.

Germany said Wednesday that it would provide 5,000 support troops, and there have been offers from several nations eager to become new NATO members, including Poland and the Czech Republic.

A major sticking point is how to finance an operation that is expected to cost at least four times as much annually as the United Nations' entire peacekeeping operation in the former Yugoslavia.

"The back-of-the-envelope estimate now is \$6 billion for a year, but who knows? It could be twice that," a NATO official said, noting that a European Union reconstruction plan is expected to cost at least an additional \$5 billion.



Members of the Serbian Tigers standing silently Wednesday in Erdut, Slavonia, during Mass for their fallen comrades.

Bugging Scandal Brings Down Estonia Government

The Associated Press

TALLINN, Estonia — The government of Estonia collapsed Wednesday after the dismissal of the Baltic republic's No. 2 cabinet minister for his role in an eavesdropping scandal.

Prime Minister Tiiu Vahi handed his resignation to President Lennart Meri on Wednesday after it became clear that Mr. Vahi's seven-month-old coalition government was failing

apart. The resignation capped a weeklong government crisis that claimed its first casualty Tuesday, when Mr. Vahi dismissed Interior Minister Edgar Savisaar.

Mr. Savisaar had been implicated in the bugging of leading politicians.

Estonian Radio reported that Mr. Vahi offered his resignation after the two main parties in the coalition, including his own, decided to leave the government.

Mr. Vahi had said he fired Mr. Savisaar because he was linked to "scandals that were too big."

Mr. Savisaar was the No. 2 man in the government and served as acting prime minister while Mr. Vahi was in Denmark recently. He emerged as the kingmaker in complicated, drawn-out negotiations to stitch together a coalition government from several small par-

ties after elections earlier this year.

The bugging affair began unfolding last week with revelations that phones of the country's top political leaders had been tapped during talks to form the new government.

Mr. Savisaar is said to have close links to a Tallinn security company, SIA, where the police found tapes of bugged conversations.

After a meeting with Chancellor Helmut Kohl and Foreign Minister Klaus Kinkel, Germany's defense minister, Volker Rühe, said the German soldiers would primarily be drawn from logistics and transport units.

In recent months, Germany has sent Tornado warplanes to bases in Italy and medical units to Croatia to support other NATO forces in the Balkans.

hoping to expand its influence in European decision-making in the region.

In the process, however, it has had to overcome a deep-

seated aversion to committing forces to an area whose inhabitants still recall the Nazis' occupation and atrocities of World War II.

If peace takes root in Bosnia, the new German proposal will have to be approved both by the government and by Parliament, which supported the deployment of German Tornado bombers with a significant majority in June.

The key issue for the Germans, though, is now the extent of its involvement on the ground in Bosnia where casualties might be taken. Officials said Germany foresees its soldiers being used mainly in a support role in Croatia.

But some officials said it was

possible that German engineers and headquarters staff would be sent to Bosnia if the NATO peace force set up its central command there.

Mr. Rühe, however, argued that Germany's wartime legacy of Balkan atrocities and memories of its role as the one-time sponsor of a fascist government in Croatia would expose German forces in Bosnia to an unacceptable high risk of attack by Serbs, who suffered most at the hands of the Nazis and still regard the Germans as allies of Croatia.

The Serbs' impression was reinforced when Germany took the lead among European Union nations in pressing for the recognition of Croatia's independence during its war of secession from the former Yugoslavia.

EUROPEAN TOPICS

Do French Charities Lack... Charity?

It may be time for some prominent French charitable organizations to show one another a little charity. The National Anti-Cancer League recently began airing a provocative series of ads with slogans that include, "There Is No Condom for Cancer."

Groups involved in the fight against AIDS call this a shockingly inappropriate attempt to say, in effect, "Our disease is worse than your disease."

The point of a campaign should not be to turn one group of sick people against another," a spokesman for Act-Up, a radical gay activist group, said in an interview with the newspaper Libération. The anti-cancer league responds that it had no intention of minimizing the gravity of AIDS, but that an attention-getting campaign was needed to remind people that cancer has not gone away.

The French charities are squabbling over an increasingly small pie. An AIDS telethon this year collected only a tenth of what it had in 1994. Results of a cancer fund-raiser were similarly reduced.

A slack economy is being blamed in part. But, says Libération, the French are also tired of having too many empty hands waved in their faces.

Around Europe

It came as no shock to many, but now it is official: Large numbers of Italians hired to meet government quotas for employing the disabled are in fact perfectly healthy. In the nation's post offices, an alarming 94 percent of "handicapped" employees were found by inspectors to be quite healthy — one man spent his afternoons teaching body-building classes. At least one featherbedder claimed to have been miraculously cured after a trip to Lourdes.

But payments to the disabled, real or sham, cost the government \$10 billion a year.

With its very clumsiness part of its charm, the old East German-produced Trabant automobile has forged a fiercely loyal following in the reunited Germany. Trabant lovers have formed some 60 clubs around the country to share their enthusiasm for these cars — loud, smelly and slow though they may be. A summer Trabi festival drew 28,000 fans. A few years ago, some Trabis were abandoned on roadsides in Eastern Europe in the first big wave of departures after the fall of the Iron Curtain. Now they sell for up to 4,000 Deutsche marks (about \$2,800) apiece. So great is demand that the longtime automaker, now privatized, has decided to offer a "Last Edition" Trabi.

Groups involved in the fight against AIDS call this a shockingly inappropriate attempt to say, in effect, "Our disease is worse than your disease."

The point of a campaign should not be to turn one group of sick people against another," a spokesman for Act-Up, a radical gay activist group, said in an interview with the newspaper Libération. The anti-cancer league responds that it had no intention of minimizing the gravity of AIDS, but that an attention-getting campaign was needed to remind people that cancer has not gone away.

The French charities are squabbling over an increasingly small pie. An AIDS telethon this year collected only a tenth of what it had in 1994. Results of a cancer fund-raiser were similarly reduced.

A slack economy is being blamed in part. But, says Libération, the French are also tired of having too many empty hands waved in their faces.

François Mitterrand and his wife, Danielle, say they plan to be buried on a hillside plot in France's Morvan regional park. The site overlooks the former president's political home base and the school where his wife's father once taught. Burial outside of cemeteries is not a simple matter in France. Normally, the plot has to have been in the family for years, and be approved by a hydrologist. A more certain way to spend eternity in one's favorite haunt is cremation, the choice of 10 percent of the French. There are limits on that. Ashes may be dropped from a bridge or spread in a forest but not deposited on public roads or sidewalks. So no one needs worry about treading on someone's Uncle Louis.

International Herald Tribune



INTERNATIONAL

On West Bank, Jubilation Israel Shuts Its Administrative Center

Reuters

QABATIYA, West Bank — Thousands of Palestinians danced and sang as an Israeli Army officer handed over to the Palestine Liberation Organization on Wednesday a nerve center of Israel's 28-year military administration of the West Bank.

The Palestinians showed their jubilation as the officer signed over to the PLO the civil administration headquarters in the northern West Bank town of Qabatiya.

"Our people in Qabatiya have taken over the civil administration building. This shows that the era of the Israeli occupation has begun to recede," said Ahmed Fares, who took control for the self-rule authority of the PLO chairman, Yasser Arafat.

Palestinian children taunted Israeli soldiers leaving town by chanting "Withdraw, withdraw!"

Qabatiya, home to 20,000 Palestinians, has been a center of Palestinian nationalism. Villagers said 65 people were killed by Israeli forces during the Palestinian uprising that began in 1987.

The "civil administration," Israel's name for the body that oversaw the daily running of its occupation rule over more than one million West Bank Palestinians, issued identity cards and permits and registered population.

Earlier on Wednesday, Israeli troops closed two other civil administration offices in the

villages of Yatta, south of Hebron, and Kharbata, west of Ramallah.

Hundreds of Palestinians turned out to see Israeli soldiers load watchtowers, water tanks, even electricity pylons on trucks in Yatta and Kharbata. "We are very happy to see them go. I hope this is the beginning of a better life for Yatta," said Ali Abu Qabita, 50, a city committee member appointed by the PLO to run the town.

The handovers brought to four the number of administrative offices dismantled by Israel in two days under an agreement widening self-rule in the West Bank that was signed with the PLO in Washington last month. Under the accord, Israel will dissolve its West Bank military administration and pull out its troops from six cities and from parts of a seventh.

Israel will also hand over control of about 450 villages, towns and refugee camps to the Palestinian police under the accord, but will maintain overall security responsibility there.

Israeli security sources, meanwhile, said Prime Minister Yitzhak Rabin had allowed three men who previously commanded the PLO's armed struggle against Israel to return to the West Bank.

The sources said Mr. Rabin approved the return of Mahmoud Aloni, Mustafa Lifiawi and Izz Deen Sharif after consulting security officials, hoping the three would help fight future armed attacks by Islamic militants.



HOLY DAY — Rabbis in Jerusalem gathered Wednesday to ask blessing for thousands of worshippers at the Western Wall on the holiest day of Sukkoth, commemorating the desert wandering of the Jews during the Exodus.

Menahem Kahana/Agence France-Presse

Japan Cultist Says Guru Threatened Torture

Reuters

TOKYO — A follower of the cult accused in the gas attack on Tokyo's subways told a court Wednesday that the sect's leader threatened to torture him if he did not carry out his orders.

Takeshi Hayashi, 28, is the first follower of Aum Shinrikyo, the 10,000-member group accused of the Tokyo subway gassing and other crimes, to speak out unambiguously and accuse the guru of using threats of violence to get his way.

Referring to the sect's leader, Shoko Asahara, Mr. Hayashi said in Tokyo District Court, "Orders from Asahara were absolute." He has pleaded guilty to violating Japan's radio law and using fake driver licenses.

"If I had refused, I would

have been thrown into solitary confinement or tied upside down from the ceiling," he said.

"Asahara did not want to save or help people," Mr. Hayashi said. "He just wanted to become the ruler of his own kingdom. I think the group should be banned."

Most of the other followers of the sect who are standing trial on various charges have accused the guru and the cult of brainwashing them into taking part in illegal activities.

But none has said in court that the guru threatened to torture those who refused to follow his orders.

Prosecutors have asked the court to sentence Mr. Hayashi to three years' imprisonment. Sentencing is expected in a month.

By Celestine Bohlen
New York Times Service

PALERMO, Italy — Carmela Santapaola was an exemplary Mafia wife: loyal, discreet, churchgoing, with a style that was neither flashy nor dowdy. She was a perfect match for her husband, Nitto, a socially prominent Renault auto dealer who was also the undisputed "godfather" of eastern Sicily.

If her life fit the script, her death did not. On Sept. 1, she was gunned down in the family apartment in Catanian in front of her 23-year-old daughter by two men dressed as police officers. It was a textbook Mafia-style hit, except for the victim: never before had the wife of a Mafia boss been targeted in such a calculated way.

"According to the traditional rules of the Mafia, this murder should never have happened," said Ilda Boccassini, a public prosecutor in Palermo. "The fact that it did shows that we are behind in understanding the rules."

Under pressure from Italy's increasingly vigorous fight against organized crime, many of the Mafia's old rules have begun to break, starting with the ever-widening crack in its legendary code of silence, "omerta." And as the number of Mafia informants, known as "penitenti," continues to grow, so has the pressure on its tight-knit families, particularly on its women, whose loyalties are being put to a cruel, and sometimes deadly, test.

When the first informants appeared in the 1980s, the Mafia dropped its taboo against harming women. Sisters, aunts, cousins, even mothers of the penitenti have been victims of murderous vendettas, as the Sicilian Mafia sent powerful signals to warn off future traitors.

Not surprisingly, many Mafia women have reacted by publicly condemning relatives who have become informants. But no matter what they do, the women of the Mafia have become increasingly vulnerable.

The murder of Mrs. Santapaola, 54, remains a troubling mystery because in her case there was no apparent tie with informants. But at least her fate is known, unlike that of Vincenzina Marchese, the wife of another top Mafia boss, Leoluca Bagarella.

She vanished last summer after her husband's arrest, leaving behind a puzzling note, a pair of slippers by her bed and a vase of fresh flowers propped like a votive candle in front of her wedding portrait.

Investigators do not know whether she went into hiding, committed suicide or was killed, but all three scenarios point to the tragic quandary she faced several years ago. At that time, her brother, a Mafia killer-informant, led police to Salvatore Riina, who was not only the Sicilian Mafia's "boss of all bosses," but also her husband's brother-in-law. Born into one of Palermo's most powerful Mafia families, married to a Mafia boss and sister of an informant, she became a haunting example of a Mafia woman's worse nightmare.

So far, the police have only a few clues. Mr. Bagarella, now in a high-security prison, wears her wedding band around his neck, traditionally a sign of mourning. The note she left in her jewelry box ended on an ambiguous note: "My husband deserves a gold statue, Luca, it is all my fault. Forgive me."

Other women have chosen a more public way of atoning for informants in their families. When newspapers identified the two Di Filippo brothers as the informants who turned in Mr. Bagarella, their mother told reporters that as far as she was concerned both sons were as good as dead.

Fear is an obvious motive for the women who have been quick to denounce informants; economic survival is another, since the Mafia has traditionally supported the families of members who are either killed or sent to prison.

But there is also a culture and a mentality that is as old as the Mafia. It is a culture that thrived on its own notions of honor, loyalty and, above all, family, the unit that more than any other ties the criminal organization together.

"The Mafia is many different things," said Paolo Viola, a professor of history at Palermo University. "It is a criminal organization in which women traditionally have a very small role. But it is also a culture, which is transmitted from the mothers to the children. Thus while women do not play a role in the organization, there is the Mafia culture, which is managed by women."

Iran Hid Arms Work, Monitor Tells UN

Compiled by Our Staff From Dispatches

UNITED NATIONS, New York — Iraq tested biological toxins on sheep and donkeys, clandestinely developed missile engines and misled inspectors on the scope of its weapons programs, the chief United Nations weapons inspector said in a report Wednesday.

The report was delivered as UN weapons monitors sift through 680,000 pages of documents that Iraqi officials handed over to the inspectors following the defection in August of the regime's weapons chief, Lieutenant General Hussein Kamel al-Majid.

"Iraq's efforts to conceal its biological weapons program, its chemical missile warhead flight tests and work on the development of a missile for the delivery of a nuclear device led it to provide incorrect information concerning certain of its missile activities," the chief UN weapons inspector, Rolf Ekeus, said in his report to the Security Council.

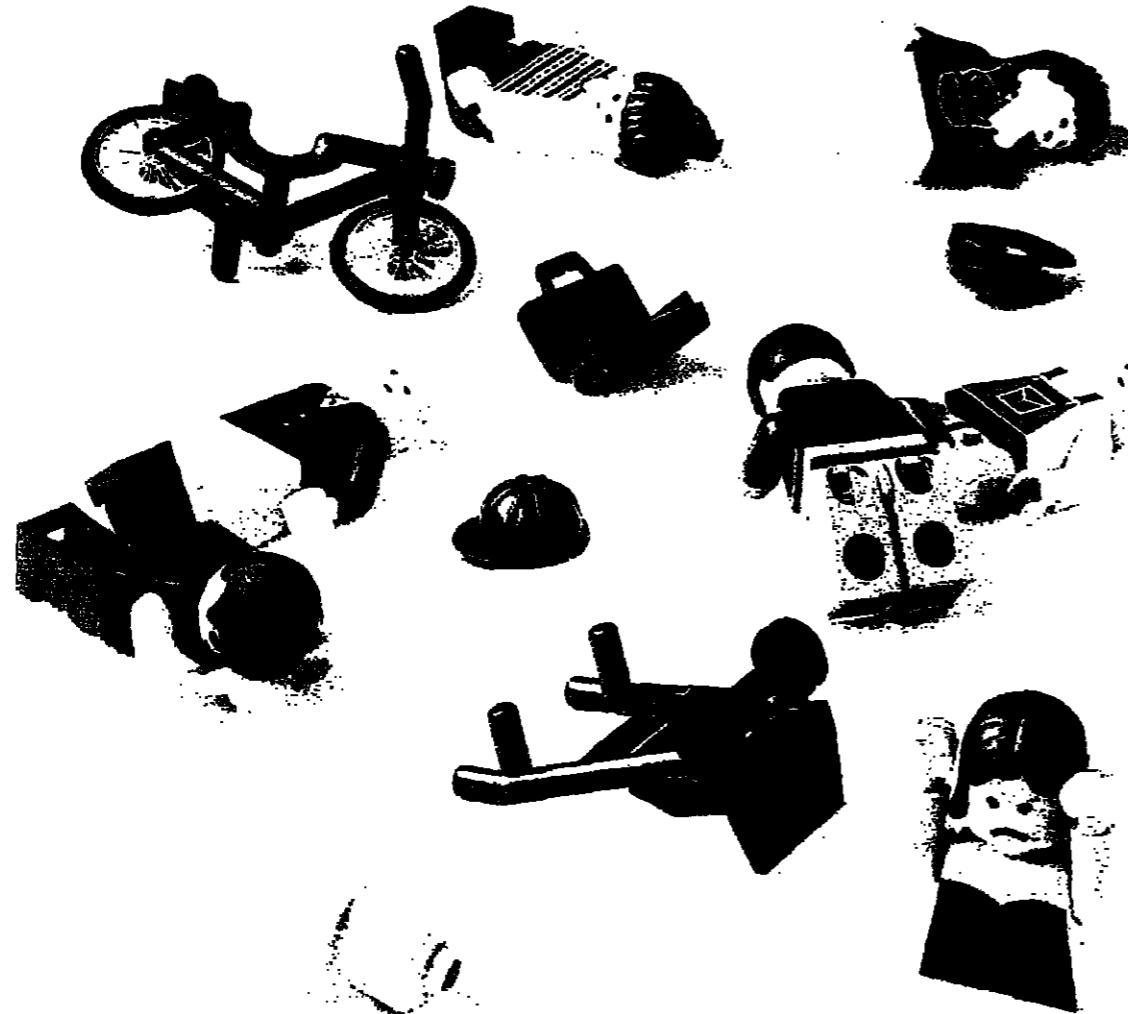
The UN Special Commission is charged with monitoring Iraq's compliance with resolutions that imposed sanctions on Baghdad until it submits to complete inspection of its weapons facilities.

The scrapping of weapons of mass destruction is key to lifting the oil embargo, part of the sanctions imposed on Iraq after it invaded Kuwait in August 1990.

The tenor of Mr. Ekeus' 38-page report was negative, and he said the commission's preliminary analysis of new documents Iraq had revealed in August showed that Baghdad had been concealing prohibited arms activities, causing the commission to revise many assessments in its early reports.

The report, and a similar one by the International Atomic Energy Agency to the Security Council, made it certain that sanctions against Iraq would be maintained for at least the next several months, diplomats said.

(AP, AFP)



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Too Little Change

Two years of upheaval in Mexico has cracked a once monolithic political establishment, but the transition from authoritarianism to democracy is incomplete. President Ernesto Zedillo, who met with President Bill Clinton on Tuesday, has demonstrated more commitment to political reform than any recent Mexican leader. But he has run into strong opposition within his own, ruling party.

The Clinton administration can help him by demonstrating that the United States attaches as much importance to his desire to free Mexico's politics as it does to opening its economy. Mexico's economic and social stability will be increasingly at risk until an outdated system of unaccountable political power is transformed.

Washington has always offered rhetorical support to Mexican democracy, but its private messages have been ambiguous. Successive administrations have known that elements of Mexico's ruling Institutional Revolutionary Party stole elections and protected drug traffickers. But as long as Mexican leaders promoted market reform and presented themselves as guarantors of stability, Washington raised its voice.

The Institutional Revolutionary Party in its present state, however, is no longer a force for stability. The party's original 1994 presidential candidate was assassinated, and rogue elements of the party are suspected of involvement. Its sec-

— THE NEW YORK TIMES.

Consensus Builder

Sam Nunn of Georgia, retiring from the U.S. Senate after four terms, has been the rare legislator able virtually on his own to create a consensus in his chosen field of defense policy. People on all sides could find both comfort and cover in his judgments.

Senator Nunn exercised this considerable degree of power at a time when the Cold War put military decisions, and therefore his own choices, at the heart of national policy.

He picked his issues carefully, probed them deeply and avoided the temptations of emotion and ideology in favor of giving others a detailed, reasoned basis to follow his lead. A mild-mannered Southern Democrat with a family tradition of belief in a strong military, he nonetheless managed to keep from being snowed by the Pentagon.

Even before becoming chairman of the Senate Armed Services Committee, Senator Nunn led a successful effort to blunt a Vietnam-era campaign to unilaterally cut American troops in Europe. This saved NATO.

Later he weighed the question of whether the security of the United States would better be served by staying within the arms control limits agreed on with the Kremlin or by abandoning the limits and moving to build then President Ronald Reagan's preferred anti-missile defense system. He decided on the former — a choice vindicated by events.

One choice that was not vindicated was his stand on going to war against

— THE WASHINGTON POST.

Stipulate the Floor

Whoever sets out to reform Medicare must try to solve two contradictory problems at once. The future cost of the program has to be cut, but the surgery has to be done in such a way as to protect the lower-income elderly and disabled who lack the means to buy basic health care on their own.

The congressional Republicans have made some bold proposals with regard to the first of these issues. Their plan would guarantee the cutting of costs. It contains no comparable guarantee that the government will continue to provide each person enrolled with a basic level of care. It thereby retreats from current law. Together with the deep cuts that the Republicans also propose in Medicaid, it creates the risk that some of the people who need protection most will be left without it.

The risk is greater than a Congress in a hurry ought to take. The floor under care for people of limited means ought to be at least as explicit as the cap on overall costs — or else the bill should not pass.

Medicare today is an open-ended program. The government acts as a giant insurance company, assumes the risks inherent in covering the eligible population and, up to the limits of liability, pays the bills as they come due. To limit the government's exposure, the Republicans would change that insofar as possible into a system in which the government would make fixed contributions per beneficiary per year.

The beneficiary would use his government payment to buy the best private insurance or to enroll in a managed care plan or to build up a medical savings account. Beneficiaries who could afford it could buy extra care by supplementing the government payment with funds of their own.

— THE WASHINGTON POST.

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OPINION/LETTERS

Reflexive Applause Greets the Pope's Sober Reflections

By William Pfaff

PARIS — The encounter of the Pope with the United Nations last week, on the occasion of the latter's 50th anniversary, provided an interesting application of principled thought to matters customarily discussed in UN forums with expedient or hypocritical rhetoric.

This Pope's formation was as a philosopher, as was evident in his address to the General Assembly. Talk about human rights, freedom and human obligation, at the United Nations and in international political discourse generally, usually has little connection to any rigorous structure of thought about the nature of man or the significance of human existence. Such matters are controversial, and it is far easier to coast on the superficial invocation of democracy and a good word for human rights, both intellectually unexamined.

The Pope argued that the evident general human wish to possess political freedoms, together with a social and economic position consistent with the dignity of a free human being, demonstrates that the claim to human rights is "rooted in the nature of the person" and reflects "the objective and inviolable demands of a universal moral law." These are not abstract points, he said, but "remind us that we do not live in an irrational or meaningless world."

This universal claim to human rights is evidence of a moral logic "which makes possible dialogue between individuals and peoples," providing a kind of "grammar" in

which a discussion can take place among people "of intelligence and free will, immersed in a mystery which transcends [their] own being and endowed with the ability to reflect and the ability to choose."

This obviously is not a description of the human situation that most elites in the West today would accept. The argument about the universality of human rights put forward in most American discussion rejects both the notion of universal moral law and the suggestion of transcendent mystery in human existence. It assumes the entirely material nature of man and the absence of any human destiny other than that men and women create for themselves.

It therefore is vulnerable to the "utilitarianism" that the Pope condemned in his address, the belief that men and women logically and properly search only for their individual advantage, and that the only rational basis for altruism is an argument that you will get on better yourself if you treat others decently. This has proved a pretty fragile basis for community.

Today's sentimental rationalization of utilitarianism is the currently influential economic doctrine that holds that the untrammeled pursuit of individual advantage in an unregulated marketplace will end by making a better world for all.

It is an expression of that naive belief in

the inevitability of progress that the actual experience of the 20th century has rendered absurd. Ideas of automatic material and social progress, and indeed of the moral improvement of men and women themselves, which have dominated Western thought since the Enlightenment and since Darwin, still influence the popular and political debate — despite two world wars, totalitarianism, the Holocaust and the evidence about human progress presented in Bosnia today.

The Pope was right to conclude that the paradox of our own day, as the close of the millennium approaches, "is that man, who began the period we call 'modernity' with a self-conscious assertion of his 'coming to age' and 'autonomy,' approaches the end of the 20th century fearful of himself, fearful of what he might be capable of, fearful for the future." He has good reason to be afraid.

The press in New York made much of the Pope as a "charismatic" personality — "the most charismatic man on the planet," according to a New York Times story. This meant, presumably, that he comes over on television and draws crowds. (Comparisons were made with O. J. Simpson.)

The dictionary definition of charisma is "a quality of extraordinary spiritual power attributed to a person or office capable of eliciting popular support in the direction of human affairs." People rightly sense in the Pope a spiritual authority, and he himself undoubtedly wishes to influence human affairs by what he says.

But the fact would seem to be that he elicits no more than minority support or ephemeral sympathy for the policies he recommends and the outlook on human affairs he affirms. This is true in the United States, and in most of the rest of the advanced industrial world as well.

The specific moral demands he makes are mostly rejected, or are even considered a cause for embarrassment. This is most apparent in the tormented arena of sexual morals. His condemnations of abortion, promiscuity and contraception are generally unpopular — indeed, are considered outrageous — by many who make Western opinion and seem annoyed if not surprised that the Pope is still a Catholic.

However, sex is not the domain of the United Nations, and it occupies a minor place even in the moral theology of the Catholic Church. Political justice is the United Nations' domain. And in this matter the Pope's demand that no one exploit another for his own advantage, and that all practice a solidarity "which enables others to live out, in the sexual circumstances of their economic and political lives, the creativity which is the distinguishing mark of a human person," meets a superficial applause masking general indifference.

That his listeners can afford their indifference to this demand, as the millennium approaches, is another question.

International Herald Tribune.
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LETTERS TO THE EDITOR

The Simpson Verdict

Johnnie Cochran, with his inflammatory, racist closing arguments, has set back the cause of equal justice in America for years. Guilt or innocence does not depend on race. Mr. Cochran, and all members of the "Dream Team" if not the whole legal profession, should be ashamed at the depth to which the ideal of a trial by peers has been dragged.

The real crime shown by the defense attorneys is not the black vs. white issue. It is the fact that O. J. Simpson is a free man because he is (or at least was) rich.

Yes, there is unequal justice in America. But it is not due to race. It is due to wealth. A poor man would have been convicted and jailed, with the key thrown away, months ago.

JOHN ALLAN.
Himeji, Japan.

Regarding "Don't Change System" (Opinion, Oct. 5), I am an American citizen living in Ger-

many, must ask: Why ever not? The Germans I know are appalled at the media circus otherwise known as the O. J. Simpson trial, where cameras in the courtroom encouraged the baser instincts of lawyers seemingly unrestricted by any rules of professional conduct, any requirements to stick to the facts. Is this the best justice our society can deliver? As an American, I am ashamed.

EMILY HEYSEN.
Munich.

Were the Clarence Thomas hearings not part of our recent past, we might get away with saying that O. J. Simpson's trial was solely about racism. Indeed, Nicole Brown Simpson was not there to testify; the resounding white voice heard was that of a policeman crying "nigger."

But the system didn't believe Anita Hill either, and she was black. Nicole Simpson's whiteness was convenient, not divisive.

Economic, cultural and political forces will continue to leave all but a

few famous, wealthy blacks at the mercy of an often racist criminal justice system — and all but a handful of women in a world of harassment, rape and battering.

Blacks' understandable anger at police brutality and other forms of unjust treatment must not be used to drive another wedge between those who need to combine efforts for a better world.

JUDITH EZEKIEL.
Gentilly, France.

It would be interesting to hear the views of African-Americans awaiting execution on Death Row. Of particular interest would be the views of those who had hasty trials with low-paid public defenders.

ROBERT F. ILLING.
Porto, Portugal.

I definitely do not imagine I can add anything new to the ocean of comments originating from the O. J. Simpson verdict, but I will try to spell out a few dismal "lessons" that

a European citizen can derive from this by now truly global event:

1. Tribalism is triumphant. Very few Georgians deplore Stalin, not many Serbs denounce the criminal nature of Zeljko Raznatovic (a.k.a. the paramilitary leader Arkan) and a majority of U.S. blacks were convinced that Mr. Simpson should be acquitted in any case. The essence of ethics and justice, impartiality, is being attacked and eroded more powerfully than in any other era.

2. If No. 1 is true, then in the future we may see defendants seeking to be judged exclusively by their "peers" or, on the contrary, requests that juries be ethnically balanced to avoid scandalous "partiality."

3. Justice and money have been shown to be more than ever closely, and ominously, connected.

4. The combination of underdog image (as black) and top-dog prestige (as millionaire) could not possibly be defeated in a court. Imaging the reverse, and you will get the reverse result (with the same evidence).

5. Courtesy of Detective Mark Fuhrman, racism has been shown to be alive and well.

Europeans should not bask in an unfounded feeling of superiority: The bell is tolling also for us. But again, the United States is proving to be the place where global trends are set and revealed with brutal clarity. We are all warned.

GIULIO BINOCCHI.
Geneva.

It's really impossible for a white American to appreciate how it must have felt to be a black in parts of America, where, as recently as 30 years ago, blacks had to go to the back of the bus or were prevented from eating or staying where they wanted. The Simpson verdict is probably a recompense for those inequities. It's a poor show for American justice, but perhaps we have to rationalize it as part of the process of evening out inequities.

W. F. WASSMANN.
Zamalek, Egypt.

Restaurateur Dishes Up Lowdown on Seating

By George Lang

NEW YORK — Before New York's restaurant owners and managers, maîtres d'hôtel and waiters ask for the best tables in heaven, they have a lot to answer for.

Even St. Peter, who manages the front of the house, is baffled by a request that bedevils diners.

When they arrive at empty restaurants, why are they so often taken to the worst table — to Siberia, as we call it?

They are hustled past acres of white tablecloths and deposited in

MEANWHILE

the rear or next to kitchen doors or waiters' stations. It doesn't matter whether they made reservations weeks earlier or are walk-ins.

Even though the dining room eventually fills up, this does not heal bruised egos.

As a lifelong restaurateur and historian of gastronomy, I understand the reasons for the practice — and don't approve of many. Here are some pluses and minuses.

Hall of mirrors. Nobody likes to walk into an empty restaurant. By dispersing the patrons, the manager makes it look full.

Interior decorating. We have to dress up the dining room with attractive people. Sometimes a guest's appearance and behavior are — how should I put it? — discordant.

As one of Manhattan's most respected restaurateurs once told me: "No restaurant failed because of the people they turned away. But many have closed because of whom they let in." When a decorative palm is potted and a guest turns up that way, it is the palm that should be seen and not heard.

Labor relations. Maîtres d'hôtel can't stiff waiters whose tables in the gulgah have seen few paying guests for days. (But should guests know this or care? They come to see and be seen.)

Privatization. If you put the couple in love in front, you create an embarrassing peep show. You don't want the next table distracted if the guests are cutting a deal to buy Time Warner.

The club. Why shouldn't the steady guests get preferred treatment? Mostly, first-timers have to earn it. In restaurants, as in outside life, what comes easy holds little value. Premium seats whet appetites — of all sorts.

Some establishments are barely

year that the house can afford to hold the tables open.

Food as theater. Theater as food. Do you really expect Sirio Maccioni (Mr. Le Cirque) to send Woody Allen into exile?

The power play. Yes, headwaiters take perverse pleasure in pushing around people who are more accomplished and successful than they are. Power, without the possibility of misusing it, lacks appeal. Thus, unbooked front tables may stay empty all night.

Mindlessness. Enough said.

The special handshake. Some psychologists call this depersonalized transference.

Social consciousness. I once tried to prevent fireworks and wound up losing a friend. The just-separated wife of a famous author came in with her new beau for an early lunch. Knowing her soon-to-be former husband would arrive later, I seated them as far back as possible without removing a wall, with no explanation. She felt demoted.

But surely St. Peter will reward my diplomacy by not placing me next to the fire exit.

The writer owns the Café des Artistes in New York and is a co-owner of Gundel in Budapest. He contributed this comment to The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

BOOKS

GOLDWATER: The Man Who Made a Revolution
By Lee Edwards. 572 pages.
\$29.95. Regnery.

BARRY GOLDWATER
By Robert Alan Goldberg. 463 pages.
\$27.50. Yale University Press.

By John B. Judis

SOMETIMES the authors of books reveal facts that suggest an entirely different interpretation of their subjects from the one they provide.

That is the case with two recent biographies of former Arizona Senator Barry Goldwater. Both books are well researched and well written, but they both include details about their subject that are inconsistent with their own assessments of him.

Lee Edwards, a conservative intellectual who served as Goldwater's press aide in the 1964 presidential campaign, provides the most complete reconstruction yet of that cam-

paign and reveals much that is new about Goldwater's relationship with other conservatives, including Ronald Reagan.

While Edwards does not hesitate to express his views, he does not allow them to dictate what he reveals about Goldwater.

Robert Alan Goldberg, a professor of history at the University of Utah, describes himself as being on the left but, like Edwards, is meticulously even-handed in recounting Goldwater's life.

While Edwards is at his best in describing conservative politics, Goldberg, who grew up in the Southwest, is at his best in portraying Goldwater's early years and his Arizona background.

Although the biographers differ politically, they are equally admiring of Goldwater. Edwards writes, "laid the foundation for a political revolution and led a generation of conservatives to understand that theirs was a winning as well as a just

cause." Edwards describes him as an "Old Testament Jeremiab"; Goldberg calls him a "prophetic figure." Edwards quotes with approval the opinion of conservatives that Goldwater would have made a better president than Lyndon Johnson. Goldberg, Goldberg argues, "stands well in comparison with politicians like Lyndon Johnson, Richard Nixon, and even Ronald Reagan."

The reader of these books will find something to buttress their opinions but will also discover evidence for a contrary view of Goldwater.

Running through both books are disturbing revelations about his intellectual abilities and about his independence of mind. The books unwittingly portray him as a good-hearted but stupid and sometimes weak man whose success depended upon his following carefully a script that other people wrote.

As a senator, Goldwater does not seem to have displayed any intellectual curiosity. He authored three political books and two autobiographies, but he did not write them.

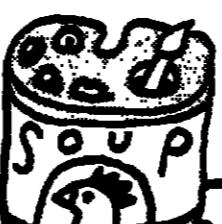
Goldwater certainly had a political philosophy that combined frontier individualism and patriotism, but it was insincere rather than the product of reflection. He allowed others to fill in many of the details.

When he came to Washington in 1952, Edwards relates, Jay Gordon Hall, General Motors chief lobbyist in Washington, took Goldwater under his wing, even writing speeches for him. Under Hall's guidance, Goldwater led an eight-year crusade against Walter Reuther, the president of the United Auto Workers, even though the union was hardly a factor in Arizona politics.

During most of Goldwater's career, he did what others told him to. When he was given the chance to speak off-the-cuff, he displayed a thoughtless bluster more appropriate to a bar stool than a political podium.

WHAT THEY'RE READING

• Anderson Chung, division manager of multicultural marketing communications for AT&T's Asian market, is reading "The Artist's Way: A Spiritual Path to Higher Creativity" by Julia Cameron.



It's a fantastic book. It gives great insight on creativity, which is part of the job of motivating advertising agencies.

(Maria Sanminiatelli, *IHT*)

For further information on this conference, please contact Brenda Erdmann Hagerty, International Herald Tribune, 63 Long Ave., London NW1.

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J

HEALTH/SCIENCE

Dr. Internet Scans the Planet

By Sandy Rovner
Washington Post Service

WASHINGTON — This note appeared on the Internet during the third week in July: "Hello! We are two friends from Venezia, Italy: Jo and Cris. Alice, our friend, has a very bad disease, so she has asked us if we can help her. She doesn't feel the physical pain... and she is only 9... We are trying to connect with a hospital in Michigan, probably at Lansing, because we know that in that hospital there is the other person who has the same bad disease. We know only the Italian name: *dysautonomia familiare del II tipo*... We need... any other information that could help us to find this hospital."

So began an Internet search for help that eventually led Cris and Jo to a medical librarian in Fort Wayne, Indiana: a medical foundation in New York; a parents' support group in Wisconsin; and perhaps help for their sick friend from two medical specialists, one in New York and one in Israel.

Even though Alice's story is still unfinished, her search for help on the Internet is a striking metaphor for the uses of this international communications network for medical purposes.

Alice Lazzaroni has an extremely rare genetic disorder

that afflicts children of Italian, Greek and other Mediterranean heritage. She does not feel pain or perspire and she has serious bone problems.

Her family in Venice could find little information about it. As Alice's condition worsened — recently she became unable to function without a wheelchair — they became desperate to find help. Family friends Cristiano "Cris" and Giorgia "Jo" Parmiggiani, who speak only a little English, set out on the Internet to find information.

Thousands of miles away, Barry Orion, a telecommunications professor at the University of Wisconsin, has an eight-year-old son, David, with a closely related and rare illness, familial dysautonomia (FD) that affects Jews of Eastern European ancestry.

Only about a year ago, Orion and some other FD parents began communicating on the Internet to compare notes. Contacted by the medical librarian who saw the note from Cris and Jo, these parents of FD patients embraced the Lazzaronis, giving them their first contact with other parents with many of the same problems and access to medical specialists familiar with the disorder.

FD has many names and a confusing combination of symptoms. It may affect one or more activities of the autonomic nervous system, the part of the nervous system that carries out involuntary tasks such as digestion, breathing and regulation of body temperature and blood pressure.

Cris and Jo posted their note to every newsgroup — electronic bulletin boards where people can send notes to discuss specific interests — that contained the word "Michigan," "genetic," "disease" or "health," which means that it must have appeared in hundreds of sites. There are 13,000 Usenet newsgroups on the Internet.

MOST of the 50 or so responses were from people offering prayers and sympathy, until their note was spotted by Catherine Amot Smith, a medical librarian for an insurance company in Indiana. Through Smith, they found Orion. He and the other FD parents had established FDNet, a "Litserv" (short for list server), which is similar to a newsgroup but is restricted to people who subscribe to it. A central computer distributes any messages to all people on the list.

Now the Lazzaronis are full-fledged members of FD Net. Sandro Lazzaroni wrote to the net this month, "Me and my wife thanks you all because you all have done in a few weeks

more than the doctors (in Italy) have done in eight years."

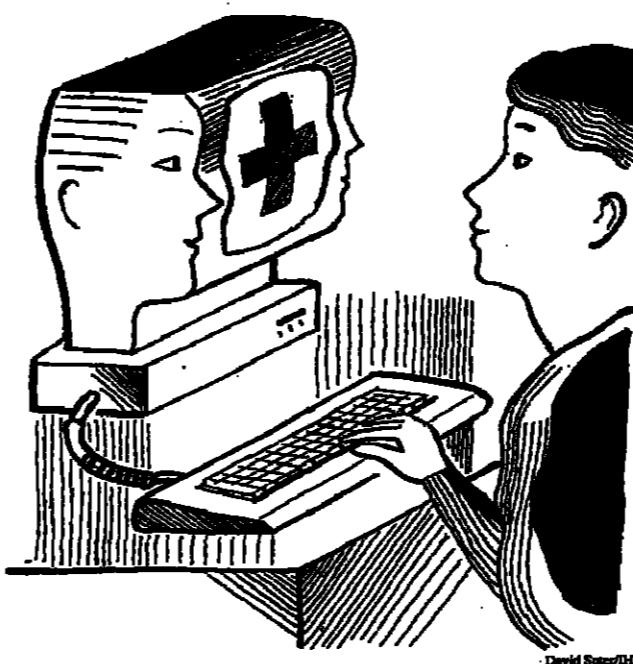
All of the major computer network services — America Online, Prodigy and CompuServe — can provide access to the Internet and have health and medical databases and related "chat" rooms where members can get together in "interest groups" and converse on-line about treatments, symptoms, individual doctors, books and articles. Most of these online service sections are costly and usually an hourly premium above monthly charges runs about \$2 to \$4.

The Internet also can be reached less expensively through libraries and special Internet services when local lines or 800 numbers are available.

The World Wide Web, which organizes vast chunks of information on the Internet, has become popular in the past few years. The web enables users to move among related topics through a system of "hyperlinks," which are underlined words.

Many health and medical associations and organizations have home pages on the web.

There are many ways to start searching for a given health subject. One of the easiest is to start with a "search tool" called Yahoo, a system of hyperlinks invented by two Stanford University students that has become a permanent and



5 Share Nobels For Ozone Study, Particle Physics

By Thomas Ginsberg
The Associated Press

STOCKHOLM — Four Americans and a Dutch scientist won Nobel prizes for sounding the alarm about depletion of Earth's protective ozone layer and for discoveries about some of nature's tiniest particles.

The chemistry prize, for the ozone work, went to Mario Molina of the Massachusetts Institute of Technology, F. Sherwood Rowland of the University of California-Irvine, and Paul Crutzen, a Dutch citizen working at the Max-Planck Institute for Chemistry in Germany.

The physics prize went to Martin L. Perl of Stanford University and Frederick Reines of the University of California-Irvine. They discovered "two of nature's most remarkable subatomic particles," their citation from the Royal Swedish Academy of Sciences said.

Although ozone is considered a pollutant at ground level, it protects the Earth from the sun's harmful ultraviolet rays at high altitudes. "The three researchers have contributed to our salvation from a global environmental problem that could have catastrophic consequences," the citation said.

Dr. Molina and Dr. Rowland, working separately from Dr. Crutzen, reported in 1974 that CFC gases used in spray cans, refrigerators and other items — threatened the ozone layer.

They calculated that, if use of CFC gases continued without abatement, the ozone layer would become significantly depleted, the citation said.

Dr. Crutzen explained in 1970 how nitrogen oxides react with ozone to accelerate the reduction of the layer. "Crutzen took a fundamental step toward a deeper understanding of the chemistry of the ozone layer," the citation said.

THE report from Dr. Molina and Dr. Rowland led to restrictions on CFC release during the late 1970s and early 1980s, the citation said. Their research predicting an ozone "hole" laid the groundwork for its discovery in 1985 over the South Pole. "Not until 1985, when the real shock came, was there any real urgency in international negotiations on release restrictions," the academy said.

As a result of the scientists' path-breaking discoveries, "the most dangerous gases will be totally banned from 1996," the citation said, adding that de-

veloping countries have been given a grace period.

The winners of the physics prize discovered subatomic particles called the tau and the neutrino.

In the mid-1970s, Dr. Perl found the tau, a heavier cousin of the electron. The tau is highly unstable and decays into other particles in less than a trillionth of a second.

The first tau particles were probably created in the Big Bang that started the universe, but they have long since disappeared. So Dr. Perl had to create tau particles in a particle accelerator to study them. The discovery uncovered a family of subatomic particles that the Nobel citation said is crucial for current theories of how nature's smallest particles behave.

Dr. Perl called the award "unexpected" and said he hoped it will help convince people of his current work involving quarks, another class of subatomic particles, is "not a waste of time."

THE Nobel committee cited Dr. Reines, who worked with the late Clyde Cowan, for detecting the first neutrino, called the electron neutrino, in work that started in the 1950s. Dr. Reines is in a hospital for a condition that is not life-threatening, according to Myron Bander, former chairman of the physics department at the University of California, Irvine.

Dr. Bander said Dr. Reines deserved the prize "for discovering this fundamental particle. This particle appears in all these radioactive decays. Now it has been used in astronomy and all sorts of other research. It is a keystone to our understanding of elementary particle physics."

Neutrinos stream out from the sun and star explosions called supernovas, making it possible to probe the innermost regions of stars. They are produced along with energy, and to understand how stars and the sun produce energy "you need to understand neutrinos," said physicist Richard Steinberg of Drexel University in Philadelphia, who studies neutrinos.

Scientists are still debating whether neutrinos have mass. Neutrinos are extremely abundant, so if they have even a little mass they could help explain the so-called missing mass problem, which is that scientists have found far less mass than the universe appears to contain.

The winners of each Nobel will share \$1 million this year. They will be honored during a ceremony in Stockholm on Dec. 10.

Sexual Harassment: It's as Old as Birds and Bees

By Natalie Angier
New York Times Service

NEW YORK — Birds do it, even fuzzy little bees do it: they engage in the ancient art of sexual harassment. Harassment is probably as old as the partition of sex cells into sperm and eggs.

Indeed, the more carefully biologists survey the field, the more often they spy examples of males hounding females (and, on occasion, the reverse) to listen up, settle down and mate, mate, mate. Now some researchers are attempting to

quantify the toll that harassment exacts on the recipient of the unwanted advances, to determine when conventional male ardor becomes dangerous to the female, detracting from her capacity to care for her young and even, on occasion, leading to her death. Two papers on the subject of sexual harassment and coercion appeared recently in the journal *Animal Behaviour*.

A male may follow a female around, biting or slapping or screeching at her until she relents, as often happens among chimpanzees. Or he may skip the warm-up and simply rape her, as young male orangutans do nearly every time they encounter a female. Among sea otters, for example, a male may grab a female's snout with his teeth or claws and drown her while attempting to mate.

"It's all very squalid and de-

pressing, but there we are," said Dr. Geoff A. Parker of the University of Liverpool in England. Dr. Parker and a colleague, Dr. Timothy H. Clutton-Brock of the University of Cambridge, wrote one of the two *Animal Behaviour* papers.

Researchers have long known that male and female animals struggle endlessly with a fundamental paradox: they need each other to reproduce, yet they have very different notions of how that need should be filled.

Females usually — though not always — do most of the child care, investing in each young the nutritionally

taxing contents of an egg, or the even more expensive milk of the breast; and with that high investment comes a female's desire to mate with the male of her choice and ignore the rest.

Afterwards, she's got work to do, turning her attention to the demands of maternity.

By contrast, males often have nothing to do with their young beyond tossing in a genome — and the more semigenomes they can get into the pool, the better. Unlike the big, nutritious egg, their sperm cells are usually abundant and comparatively cheap to manufacture (though there are important exceptions, like fruit flies that make giant sperm several times the length of their bodies). Males also must move quickly to beat out competing males, which means in many cases imposing themselves on a female without giving her a chance to pick and choose.

They suggest that the relationship between the sexes is a so-called war of attrition, with the males harassing, the females resisting and the question being in each case who will persist the longest.

Often males win the war because the incentives for each sex are asymmetric: a female often has less to gain by resisting a particular male, since regardless of who the father is, she will have an offspring. But for his part, the chance of fertilizing a female may mean the difference between offspring or no offspring at all.

Biologists call it sexual harassment.

"Among humans, anything you don't like can be called harassment," said Dr. Graham N. Stone, an entomologist at Oxford University in England, the author of the second report.

"Biologists don't define it that way. You must be able to identify an unequivocal cost of the male activity to female fitness, and that isn't always easy to do."

The grim tally is presented in the Clutton-Brock and Parker paper, which also offers complex game theories to give the various behaviors a mathematical and evolutionarily dynamic framework.

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Humans Are Just a Bit More Refined

New York Times Service

NEW YORK — Like their baboon and orangutan counterparts, male humans have been known to harass their females, but as always, they are considerably more refined in their approach. After all, even a wolf does not know how to wolf-whistle; and what baboon could figure out that if he stands next to a female in a crowded subway car and gives her a grope, he can make her wonder if it was just an accident?

Nudge and wink aside, some anthropologists and primatologists theorize that male harassment of and aggression toward females is more elaborate among humans than among any other primate species. They also propose that while the motivation to harass is the same for men as it is for any male animal — to co-opt a female's control over her sexuality and short-circuit her annoying desire to exert female choice — it has been comparatively more successful for men than for even the most belligerent of gorillas.

Dr. Barbara Smuts of the University of Michigan in Ann Arbor, has pointed out that most female primates may put up

with a lot of intimidation by their male folk, and a female ape who chooses to mate with male A may suffer the wrath of male B, but that nonetheless female movements and female mating decisions are never systematically controlled by males.

In addition, nonhuman female primates always are responsible for feeding themselves, said Dr. Sarah Blaffer Hrdy of the University of California at Davis. When they are hungry, they go out foraging. They do not wait for their mate to bring home the bananas.

By contrast, in many human cultures female sexuality has been strictly circumscribed, and the woman who ventures out alone, beyond the protection of her home, father or husband, risks the potentially dangerous encroachments of any footloose man she encounters.

Even in comparatively liberal societies like America, a woman who dares to go to a bar or a fraternity party alone is not given much sympathy if she is hassled or even attacked.

Moreover, in many cultures, a woman's ability to earn an independent living is limited, which means that a woman on her own risks not only harass-

ment, but extreme impoverishment.

A man's size advantage over a woman does not entirely explain his dominance. Writing in a recent issue of the journal *Human Nature*, Dr. Smuts said that "although male primates typically are larger than females, this does not mean that they always win when they have conflicts of interest with females."

Adding, "Their larger size is balanced by the fact that females cooperate against males, whereas males seldom cooperate against females."

Usually, female primates live with their female kin, and when a male gets uppity, the females rally together to defend their sister.

In the view of Dr. Smuts and others, human males began to cement their dominant status over women by cooperating with other men. With their human cognitive powers, men could strike up alliances with other men, keeping track of friends and foes.

Such confederations eventually allowed them to tame the resource they craved the most — females.

The advent of the agricultural revolution allowed men to further restrict female movements, essentially keeping the little woman down on the farm.

But women were not helpless victims in the evolution of patriarchy, researchers said. Dr. Hrdy points out that women have rarely sought to form alliances with other women and in fact have been more likely to

Normality is the key to Armani's fashion.

man can handle decoration and put a woman in an organza ball skirt as well as pants.

This has not been a stellar Milan season with both buyers and press frustrated that the strengths of Italian fashion — interesting and inventive fabrics and superb make and finish — are lost on the big runway and often deliberately obfuscated by short-term gimmicks like back-to-the-1960s styling.

A more intimate presentation when the audience walks through and is able to touch and feel the clothes would be the solution for houses who do not need to make a drama out of clothes.

The delicate cut-out flowers and inserts on organza at Alberta Ferretti were examples of exceptional Italian craftsmanship that begged to be admired close up and did not need a runway show, although there was a fine finale of gauzy dresses in gradations of sunset colors from peach through hot coral.

T HE fashion themes of the season are the onward march of the dress, especially an elongated shirt shape with a polo collar. Fine sweaters, fitted close to the body, and cardigans made a strong showing for summer knits. Skirts were either mini or mid-calf — the revival of long overtaking the so-called "new" knee length. Strong, fresh color swept back, along with white.

The underlying concern about Milan fashion is that, although the product is high quality, no new design talent seems to be emerging. British designers Rifat Ozbek and Katherine Hamnett have both fled Milan, calling it inhospitable.

The designer also insists on sending out waves of evening wear with embroidered bodices and ball gowns, where a few would make the point that Ar-



Armani's curved-to-the-body jacket and soft pants.

Paul, former right hand of Claude Montana, was this season's designer at Complice, but the show was just a re-mix of current trends from soft tailoring through knits.

The dearth of new talent means that, although the big stores spend their big bucks in Italy, the Paris collections, which open Thursday, indisputably hold fashion's creative high ground.

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UGANDA

CONFIDENCE COMES BACK TO KAMPALA

Uganda is on a path of enviable economic growth.

Uganda — a beautiful country of rolling hills and valleys, rivers and lakes — ran into severe difficulties in the 1970s. It has now found renewed energy to develop its rich economic potential, and it appears to be succeeding.

The statistics are clear and unambiguous. Economic growth has been averaging 6.6 percent a year since 1986 and reached 10 percent in the financial year that ended in June this year.

This growth is due to a good performance in agriculture — up 6.1 percent last year — and to substantial new investment in manufacturing activities, whose output rose by 17.7 percent last year.

Exports have also flourished, although last year's extraordinary leap of 111 percent was probably a one-time benefit of the coffee price boom. At the same time, there has been a successful battle against inflation, which has fallen to an

annual range of between 3 percent and 6 percent.

Reforming government Investors and donor governments alike pay tribute to President Yoweri Museveni and his team of reforming associates, who since taking power in 1986 have adopted a dynamic approach to overcoming Uganda's legacy of bad government.

The previous 15 years of bitter ethnic conflict and government brutality — the regimes of Idi Amin and Milton Obote are held responsible for the loss of at least 500,000 lives — had brought the country to the brink of total economic collapse. The Museveni formula for recovery has been a mix of imaginative politics and far-reaching economic liberalization.

The formula strongly encourages the private sector and actively wooes foreign investors, especially those of Asian origin, who were ex-



The tall buildings that dominate the changing skyline of Kampala, together with the busy street market scenes, symbolize Uganda's return to peace and prosperity after the difficult years that preceded 1986.



RICHARD STINSON

peled by Idi Amin in 1972. The Museveni government has won strong praise and financial support for its economic policies from bilateral donors as well as from the International Monetary Fund and the World Bank.

Tough decisions

"Uganda has learned from other people's mistakes," says Brian Falconer, the World Bank's resident representative in Kampala, adding: "Things are happening here that are not happening in other African coun-

tries. The decision-makers are not afraid to make tough decisions."

Leading members of the economic recovery team, such as the Finance and Economic Development Minister Jeohash Mayanja-Nkangi and the Trade and Industry Minister Richard Kajjuka, display a disarming ability to cut through the usual formality and bureaucracy of government. They engage in an active and ongoing dialogue on their policies with the Ugandan public, investors and aid officials.

Local investors

Mr. Mayanja-Nkangi stresses that most of the new investment is undertaken by Ugandans rather than foreigners. "We are inundated with enthusiastic people," says the minister, who is convinced that the recent rate of investment-fueled growth is sufficiently sustainable to allow Uganda to look forward to dispensing with foreign aid early in the first few years of the 21st century.

Encouraged by the response of ordinary Ugandans, and particularly by that of farmers, Trade Minister Kajjuka says that the decision to let private operators buy and export coffee, Uganda's principal crop, has been an unqualified success.

"Liberalization put money directly into the farmers' pockets," he says, adding that when prices surged on the world market, the farmers began, many for the first time, to look for ways to improve the quality of their crop.

Export markets

The success of coffee liberalization leads Mr. Kajjuka to predict significant growth in a wider range of agricultural products, including tea, cotton, tobacco and food commodities.

"All our neighbors need food, and we'll continue to be the granary of the re-

gion," he says. "The investment drive has brought significant results in the rehabilitation of Uganda's agricultural plantations, particularly those devoted to sugar and tea. The thrust is being maintained as new investors negotiate for permission to develop farms for horticulture and other high-value products.

Any country could be

"We need to make large farms available if we are to modernize our agriculture, and we will do what we can to facilitate applications for land," says a close adviser to President Museveni.

Over the past 10 years,

new agricultural,

manufacturing and trading

companies have been built up from

nothing. Now it is quite normal to find the same compa-

ny dealing in coffee (buying, processing and exporting), spices, fishing, transport and automobiles. Several such conglomerates are already turning over tens of millions of dollars a year.

Proud of the economic results of Uganda's far-reaching reforms — increased production, booming exports, a strong currency and low inflation. Success can bring its own headaches, however, and can expose weaknesses in the system.

The strength of the Uganda shilling — resulting from the coffee boom and large capital inflows — could threaten to make Uganda's exports uncompetitive.

At the same time, the financial infrastructure remains undeveloped, restricting the potential for mobilizing savings. The government is now addressing both of these issues. Another challenge is Uganda's shortage of trained labor, especially at the higher and middle levels.

A permanent difficulty is the high transport costs resulting from the country's landlocked position. There is a related problem of instabil-

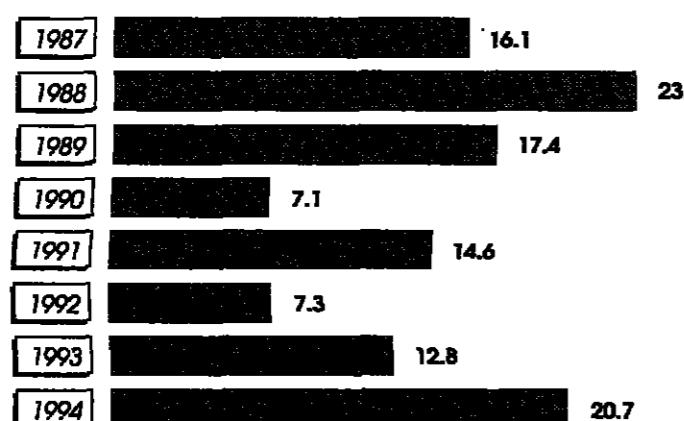
ity in Sudan, Zaire and Rwanda, which can from time to time spill over into Uganda.

But such problems have not succeeded in daunting confidence in the country's future. Investors are discovering unusual potential for agriculture, fishing, manu-

facturing and tourism, and they appreciate the warm welcome they receive from the authorities. Their investment drive is certain to be stepped up if, as expected, next year's elections confirm that the current political stability can be maintained.

A sign of the times is the recent expansion of regular international flights into and out of Uganda's airport at Entebbe. In 1994, the number of arrivals at the airport rose by 38 percent, to more than 100,000. For years, many travelers preferred to keep away from Uganda. But it is now firmly back on the map.

ANNUAL PERCENTAGE GROWTH OF INDUSTRIAL PRODUCTION



Source: Ministry of Finance and Economic Planning, Kampala.

PRESIDENT DESCRIBES UGANDA'S FORWARD COURSE

"The destiny of the country is in the hands of the people of Uganda."

In the following interview, President Yoweri Museveni describes how his government is setting Uganda on a steady path toward becoming a modern economy.

Are you confident that Uganda is embarked upon an economic course that is appropriate for its place in the world economy and that can lead to sustainable growth in the future?

There is no doubt about this. The decline in our economy between the 1970s and early 1980s has been totally reversed. We have set the economy of Uganda on a forward course that is today characterized by rapid growth. We have planned our task carefully and have deliberately gone about it step by step. The first task was to revive the economy. This we have largely done. We have successfully fought the lethargy that had set into the economic life of the people of Uganda during two decades of economic mis-

management, and we shall continue to fight this lethargy until we completely eliminate it.

Secondly, we had to address some basic problems that were embedded in the system. I am talking here of things such as reliance on coffee as the sole foreign-exchange earner, over-bureaucratization of the economy, the existence of too big a public sector, restrictive economic policies, neglect of the primary producers of wealth and other irrationalities. We have liberalized the economy and are now in the process of privatizing most of the public enterprises.

We have set the economy of Uganda on a steady path to become a modern economy, and we will be able to sustain a reasonable rate of growth.

Can anything be done to create a more general improvement of incomes?

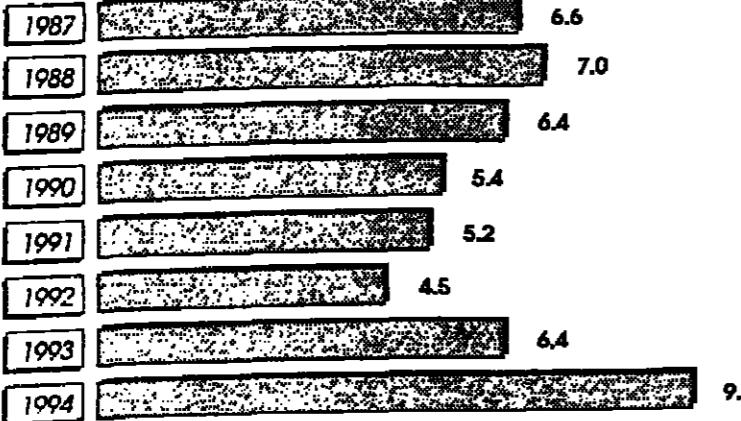
Indeed, there is more to be done. We have been working on building up the infra-



We have successfully fought the lethargy that had set into the economic life of the people of Uganda during two decades of economic mismanagement. We have liberalized the economy and are now in the process of privatizing most of the public enterprises.

President Yoweri Museveni.

ANNUAL PERCENTAGE GROWTH OF GDP



Source: Ministry of Finance and Economic Planning, Kampala.

structure that will enable our people to market what they produce. We have also realized that in order for the people to take off economically, they need credit, without which they cannot start viable economic activities. We have therefore started a program called the *entandikwa* scheme, which seeks to provide credit to the poorest families to enable them to start profit-making projects.

We are also intensifying our education program. Education is crucial in the struggle to eliminate poverty because it will equip our people with basic knowledge and the skills necessary in managing economic projects.

In recent months, there have been some words of criticism from representatives of Western nations about the pace and manner of Uganda's democratization. Do you agree with the Constituent Assembly's decision to delay any introduction of multiparty democracy or would you rather postpone multiparty democracy indefinitely?

It should be clear that the democratization of Uganda will have to go at the pace and in the manner decided on by the people of Uganda. Let me assure you that the people of Uganda participated in a free and fair election of those whom they wanted

to carry their views to the Constituent Assembly. Therefore, whatever decision was taken on any issue represents the sovereign will of the people of Uganda.

It follows that the decision to delay the introduction of multiple parties reflects the wishes of the majority of the people. Whether I agree or disagree with this decision is not important because my views cannot supersede the collective decision of the people of Uganda as expressed through their representatives. I do have personal views on all these issues, yes, and in this case I happen to agree with the decision of the Constituent Assembly on the form of democracy we should have for the time being. However, even if they had taken a decision that I do not agree with, I would still abide by that decision, because it is my duty to do so.

What our Western friends need to understand is that the destiny of this country is squarely in the hands of the people of Uganda.

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"Over the year ending June 1995, the Ugandan economy turned in another solid performance, as economic and financial developments exceeded expectations in almost all areas. The growth in real output amounted to no less than 10 percent; the annual inflation rate dropped to 3.3 percent, and the overall balance of payments remained in substantial surplus. This performance demonstrates, once again, the authorities' continuing commitment to improve the well-being of the public through sustained macroeconomic stability and growth.

Charles N. Kikonyogo
Governor

UGANDA

FINANCE MINISTER SAYS THAT GROWTH IS SUSTAINABLE

"Our exporters need to find niches internationally where they can sell," says Jejoash Mayanja-Nkangi.

In the following interview, Minister of Finance and Economic Development Jejoash Mayanja-Nkangi describes the government policies that have helped to restore to Uganda the confidence of international investors.

How sustainable is the current revival in Uganda's economic fortunes? Can Ugandans look forward to a more general improvement in their standards of living?

Our growth in GDP has shown a rising trend, because our economic policies - fiscal, monetary and general - have encouraged investors to invest more. Also, political stability has returned to our country, confidence has been generated here and our policies have been well received internationally. Generally, people think Uganda is doing well, so the investors are coming. Since we set up the Uganda Investment Authority in 1991 as a one-stop center to get all the necessary authorizations for investors, we have given approvals for at least \$1 billion worth of new investments.

Our growth is sustainable as long as the will to do business is there, both on our part and on the part of the international investors who want to come here. Most of the investing, by value, is being done by our own nationals here, although we still need to develop the level of effective entrepreneurship.

This has traditionally been an agricultural country, and we would see greater growth if we could expand into the area of agro-processing and could take advantage of newly available technologies.

We also lack sufficient capital, although the resources are here and the will to grow is also here. We have to keep at it, but we are inundated with enthusiastic people!

There is much evidence of a strong revival in manufacturing activity. Do you think that this is largely destined to substitute for manufactured imports or that eventually Uganda could become a significant industrial exporter?

We are going to find it hard to gain access to some markets, but in the long run Africa will not come up until it industrializes judiciously. In the 1960s, Uganda used to be an exporter of some commodities, such as sugar and textiles, but this collapsed when General Amin took over. Now we are determined to achieve both import substitution and strong export promotion. We have to try to reduce the costs of production as much as we can, and our goods must be of high quality. Our exporters need to try to find niches internationally where they can sell.

Is Uganda well-placed to benefit from current plans for sub-regional cooperation?

Yes, indeed. Uganda is in the center of Comesa [the Common Market for Eastern and Southern Africa], a region of about 250 million people. We are already buying from our neighbors and selling to them. Even in the short time since South Africa became part of the international community, our businessmen have begun to travel there regularly. There are now at least four flights a week. We are already in a strong position to export our food to countries of the region because of other countries' food shortages. In the case of food, it is a question of our capacity to supply and to export.

Can privatization be achieved, and is there an assurance that it is in the best interests of the nation?

I think privatization is in the best interests of the nation because we have found through our own experience that ministers and civil servants are not the best managers of business

establishments. Secondly, the cost of running the parastatals has been a drain on the treasury, and we can no longer afford it. It is in the interests of the country to stop the hemorrhage on the exchequer and the misuse of resources.

Our difficulty has been that, in the past, we asked for a price based on the original cost of the assets. Some people did not accept that there was a difference between the cost of assets and their profitability. When the process was beginning to drag on, the president issued a directive that the responsibility for privatization should be given to a minister of state, within this ministry, to make the process faster.

Financial sector reform has been lagging behind other areas. In this connection, what does the government plan to do to speed the process of reforming the Uganda Commercial Bank?

The financial system is essentially private, except for the UCB, Co-operative Bank and the Uganda Development Bank. In the past two years, we started to look into the UCB, which accounts for between 40 percent and 50 percent of total deposits in the banking system. It has been making losses and needs capitalizing. We plan to move it toward privatization in the coming months.

When do you expect the capital market to be launched?

After deciding to move ahead with a capital market, we have sought advice and, as a result, there is now a bill before our present parliament. It should be debated in the coming session. A capital market will help tremendously in giving those with savings access to new investment opportunities, and it will help us draw capital into the country.

How would you describe Uganda's relations with the international financial institutions, particularly the IMF and the World Bank?

Excellent. These institutions have gone out of their way to assist our socioeconomic development. They are prepared to



'Political stability has returned to our country. Confidence has been generated here and our policies have been well received internationally. Generally, people think Uganda is doing well, so the investors are coming.'

Richard Sykes

Minister of Finance and Economic Development

Jejoash Mayanja-Nkangi.

be argued with, and we do not take on policies we cannot accept. We have had to bargain, and we have had to take difficult decisions, but we have been taking them. It is our view that projects should be owned by the countries that borrow from the multilaterals, and I think the World Bank and the IMF have considered this. Ultimately, it is our country, and we are very conscious of our independence.

Are you satisfied with the current level of debt relief that Uganda is receiving from its creditors?

We are satisfied from the point of view that we have had generous relief on our bilateral debts from the Paris Club. But our debt is so structured that between 65 percent and 70 percent of our debt is multilateral, from institutions which by their charters can never forgive their debts.

Some governments have urged the IMF to sell some of its gold as a means of providing debt relief, and that proposal is now on the table. We hope that more can still be done.

How long do you think it will be before Uganda can dispense with donor support and assistance?

It will probably take a further five to eight years. As the economy grows and we find ourselves able to collect more revenue, donor support will become less necessary, although it will remain considerable, at least for development purposes, for some years to come.

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WHERE BANKING PROVIDES THE PERSONAL TOUCH

Preparations are being made for the formation of a capital market, based at first on privatized state companies.

Like most activity in Uganda, banking revolves around personal recommendations and reputations. It is a world away from the anonymity of computerized systems and telephone banking.

Most of the privately owned banks only have one or two branches, and they exist by serving a small and select number of company clients.

The personal touch may have its charm, but the downside is that most banks still operate manual systems. Checks take days, or even weeks, to clear. The banks' only significant sources of income are from their foreign exchange transactions and lending. Not that securing a loan is easy. The banks lend only to customers who have established a good performance on their accounts over a long period. Even

then, only short-term borrowing is available - at a steep interest rate of between 18 percent and 21 percent.

Although interest rates seem likely to stay punishingly high, at least until there are more sources of income, lower operating costs and more areas of competition in the financial sector, the old-fashioned methods may soon begin to change.

The internationally linked banks are planning to install computers and automated teller machines, and to become fully linked with the international systems operated by their head offices in London, Johannesburg or Bombay.

New blood Standard Chartered, Barclays, Stanbic and Bank of Baroda fly the flag for their distant head offices, but the new blood in Ugandan banking comes from small, recently established institutions such as Orient Bank, Crane Bank and International Credit Bank. Orient, for example, opened for business in March 1993 with a capital base of 1 billion

Uganda shillings (\$1 million) and now boasts a deposit base of 10 billion Uganda shillings. Managing Director Ketan Morjaria says the bank more than doubled its profits, from 245 million Uganda shillings in 1993-94 to 502 million Uganda shillings in 1994-95.

The new banks may be innovative, but they are hindered by the limitations of a restricted market. Uganda is waiting for the potential of the financial sector to be opened up, once the thorny problems of the state-owned Uganda Commercial Bank, which accounts for half the deposits in the country, are resolved. UCB suffers from the familiar problems of an uneconomic state-run institution.

In addition to 16 commercial banks, Uganda has 19 insurance companies, which are becoming increasingly important to the orderly development of the financial market. The weaknesses of the financial sector are at last being addressed," says Gordon Senta, general manager of the country's largest insurance company, Pan World Insurance.

The mobilization of savings is vital for the health of the economy," Mr. Senta adds. "The time has come to look internally. Success can come only if the people are introduced to the savings culture, and the insurance industry can play a big role in this."

Moves are also under way to establish the basis for a small capital market in Uganda, mobilizing savings and creating new share-trading instruments.

The Finance Ministry promises close liaison between the newly established Capital Markets Authority and the ministry's own Privatization Unit to ensure that tradable securities are available to members of the public. It says that this would be a "kick-start for the stock exchange."

Branch closures

The British merchant bank Morgan Grenfell has been given the job of advising the government on what to do next about UCB. It is expected to propose some form of privatization, including a split of the bank into component services and closure of some of the most uneconomic branches.

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Uganda's fledgling capital market may gain its first impetus from privatizations of government stock, but its real potential lies in the already established private sector.

Directors of several of the larger and more diverse industrial groups confirm that they would consider floating shares on the capital market soon after it becomes properly established. There is still no official timetable for the establishment of a fully functional Uganda stock exchange, but informed sources suggest a time frame of about 18 months.

Alongside Uganda's recent achievements, such as the attraction of substantial new foreign investment and the maintenance of a remarkable exchange rate stability for the Uganda shilling, the continuous steady growth in the financial sector over the past seven years has given Uganda's financial institutions a basis of confidence to move forward to the next stage of liberalization and free competition.

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PROGRAM DIRECTOR: Bill Maher.

UGANDA

A COUNTRY OF ENDLESS OPPORTUNITIES

SERVICES SECTOR: Merchant and Investment Banking, Tourism Facilities and Services.

MANUFACTURING SECTOR: Building, Construction Materials and Real Estate Development, Power Generation, Telecommunications.

AGRICULTURE SECTOR: Cotton processing and Textile. Livestock production and processing (Beef and Dairy), Horticulture/Floriculture, Food processing. Fish farming and Processing. Fruit growing and processing.

UP-COMING EVENT:

The Common Market in Eastern Southern Africa (COMESA) Conference, is due to be held in Uganda at the Kampala Sheraton Hotel from 28th November to 2nd December 1995. The objective of the forum is to bring together investors and investment related organisations from COMESA countries and industrialised countries as well as multilateral, regional and sub-regional organisations for the mobilisation of investment related resources for the four countries in COMESA sub-region namely UGANDA, KENYA, ETHIOPIA and ERITREA.

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UGANDA

UGANDANS ARE
SEARCHING FOR A
DEMOCRATIC PATH*The new constitution points the way to a referendum*

Early next year, Ugandans will have their first opportunity in 16 years to vote directly for candidates standing for Parliament and the presidency. It will be the next stage in Uganda's long search for an appropriate form of democracy — a search that has tried to go to village and urban communities and to harness the talents of individuals into a national movement, while discouraging the activities of political parties based on ethnic or religious allegiance.

The new era came closer last week with the promulgation of Uganda's new constitution, which has been closely debated by the elected Constituent Assembly. Although this authorizes a continuation of the present "no-party" system pioneered by the government of President Yoweri Museveni, the new constitution makes provision for a possible return to full multiparty politics within five years.

Resolving the disputes

The constitution also radically restructures government responsibilities in an attempt to resolve many of the disputes that have torn Uganda apart in the past. It

gives important responsibilities to district and regional governments, and ensures a separation of powers between the presidency and the Parliament.

"The advantage of this constitution is that it enacts the views of the people at the grassroots," says the Constituent Assembly chairman, James Wapakabulo, explaining that many elements of an earlier draft were accepted while others were rejected after extensive debate. "Decentralization is fully spelled out, so that we will now have a quasi-federal arrangement at the district level, with elected district councils and chairmen. The finances of the districts will also be guaranteed."

Lively debate
The debates were lively. Mr. Wapakabulo says, and particularly so on the issues of federalism and multipartyism.

Federalists had hoped to allow for the recognition of the right of traditional rulers to govern within their own domains. In the end, the delegates compromised with a recognition of traditional rulers, on the condition that they do not exercise powers that are reserved for the po-

*The parliament of Buganda in Kampala, which was closed between 1966 and 1993, is now vested with traditional (not political) authority.*

litical authorities. "There is even provision for the districts to vote money for their kings," Mr. Wapakabulo adds.

Under the new constitution, the eight districts that make up the traditional kingdom of Buganda, in the center of the country, are free to make provision for the Kabaka (king) of Buganda, for example, and similar arrangements are available to traditional kingdoms elsewhere in this ethnically diverse country. With the fed-

eralists continuing to demand a greater degree of autonomy, Mr. Museveni has undertaken a round of public meetings to warn politicians not to involve their traditional rulers in politics and to explain the guarantees that the constitution gives these rulers.

Compromise reached
Equally contentious were the debates over whether to allow a return to a multiparty system of democracy. While Mr. Museveni's Na-

tional Resistance Movement has always welcomed the participation of individuals of all political persuasions, it has refused to allow campaigning by political parties, which it blames for fanning the flames of sectarianism and ethnic strife that so badly marred Uganda's first 25 years of existence.

The Constituent Assembly's answer to demands for multipartyism was to specify that next year's electoral candidates would stand as individuals, rather than as

political party representatives, and that after three years, the parties would be allowed to campaign for multipartyism prior to a referendum on the issue in the fourth year of the new Parliament (1999). It is intended that this referendum would decide the issue once and for all.

As the Constituent Assembly wound up its debates, Mr. Wapakabulo said he was satisfied with the compromises that had been reached. "The federal

ists got a federal structure at the district level, the multiparty supporters got their referendum, and there is enough flexibility for people to make new choices," he said.

Single candidate

In response to criticism that Mr. Museveni is using the new constitution to prolong his government's hold on power, top officials were quick to point out that anyone is free to contest next year's elections. The first deputy prime minister, Eriva Kategaya, even says that he welcomes the declared intention of two long-established parties, the Democratic Party and the Uganda Peoples' Congress, to field a single candidate in the presidential election.

"If it is true, it would be a dramatic development, and the first time that these two parties will have come together. We do not mind the challenge," Mr. Kategaya points out.

Northern conflict

The NRM's brand of inclusive politics has already changed Uganda's political landscape. Next year's elections will show whether or not it has broken the mold of divisive party politics, and whether the new breed of politicians can appeal across party lines.

It will be some time before Uganda can fully relax in the confidence that it has found a durable and lasting system of government. Not least of the country's problems is the continuing insecurity in northern areas bordering Sudan, where a brutal movement known as the Lord's Resistance Army has been undertaking hit-and-run attacks. But the successful conduct of next year's elections will be as certain proof as any that Ugandans have rediscovered the will to live together peacefully.

NEW INVESTMENT ATTRACTS YET MORE INVESTMENT

The return of exiled Asians, plus the government's privatization program, is intensifying business activity.

Uganda's success at winning major commitments from both old and new investors has made the Kampala offices of the Uganda Investment Authority (UIA) a thriving hub of activity. Of nearly 5,000 companies that have collected investment authorization forms over the past four years, almost 2,000 have applied for the necessary licenses. It is widely estimated that new investments now under way amount to about \$300 million.

Incentive packages
Potential investors in Uganda are being drawn by the incentive packages made available through the UIA and also by the multiplier effect that existing investors have begun to generate.

Uganda's history has created different categories of investor. At the time of independence, 33 years ago, the Asian community held a monopoly on the country's retail trade.

Asians continued to own most shops in cities and towns throughout the country until 1972, when Idi Amin's expulsion order forced nearly all 70,000 to flee, mainly to Europe or North America.

New kind of entrepreneur
Since 1983, when the government first offered to reclaim their lost properties, a

Ugandan entrepreneurs welcome the capital, the intensification of business activity and the competition

The key to the growing confidence of the business community in Uganda, whatever its ethnic origins, is the enhanced status of the

vate-sector views on the matters of most concern to business, such as taxation and infrastructural development.

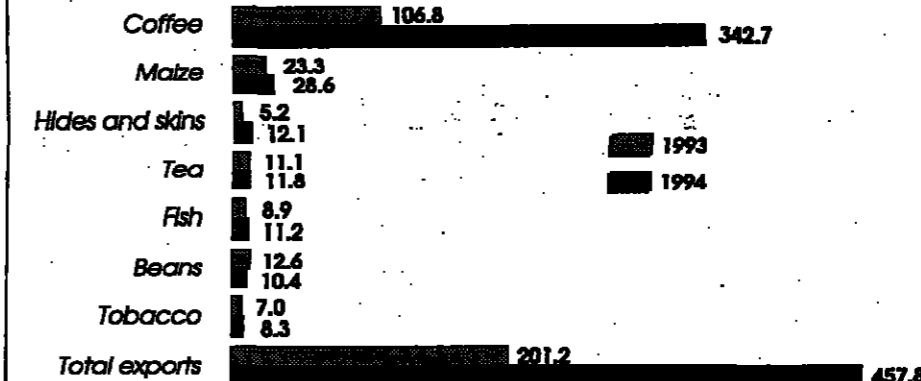
development of medium-sized estates, in real estate, as shown by a recent building boom in Kampala, in small-scale manufacturing and in construction.

Ugandans have taken a strong lead in the production of low-cost building materials, furnishings and basic foodstuffs.

Companies' growth

The growth of the larger Ugandan companies dates from the restoration of stability in the country in 1985. The Sembuse group has grown from small beginnings as a nail manufacturer to a position where it owns a steel wire mill, an electronics division assembling telephones and television sets, and a street-lighting division, as well as holding important shares in a bank and an insurance company.

In terms of size there are as yet few rivals to the large Asian groups such as Madhvani, Mehta and Alam. These long-established families used their years in exile to make international contacts that have served them well as they resumed control of their factories, plantations

PRINCIPAL EXPORTS BY VALUE
(Million US dollars)*Source: Ministry of Finance and Economic Planning, Kampala.**Road transport is one of the areas of Ugandan economic activity attracting the interest of investors.*

that this new breed of Asian entrepreneurs has introduced.

Christopher Sembuya of the Sembuse group of companies says that Ugandans have come to accept the renewed presence of the Asians and that most recognize that Idi Amin's attempt to run the economy without them was "a total failure."

Mr. Sembuya says he himself would like to see even greater numbers of new investors coming in on a permanent basis, adding: "I believe in setting capital rather than transit capital."

James Mulwana, chairman of the Uganda Manufacturers' Association, says: "The market is open to all investors." The Uganda Manufacturers' Association has three leading Asian entrepreneurs on its executive board, which allows representatives of small, medium- and large-sized industries to discuss their common interests and problems.

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all these products.

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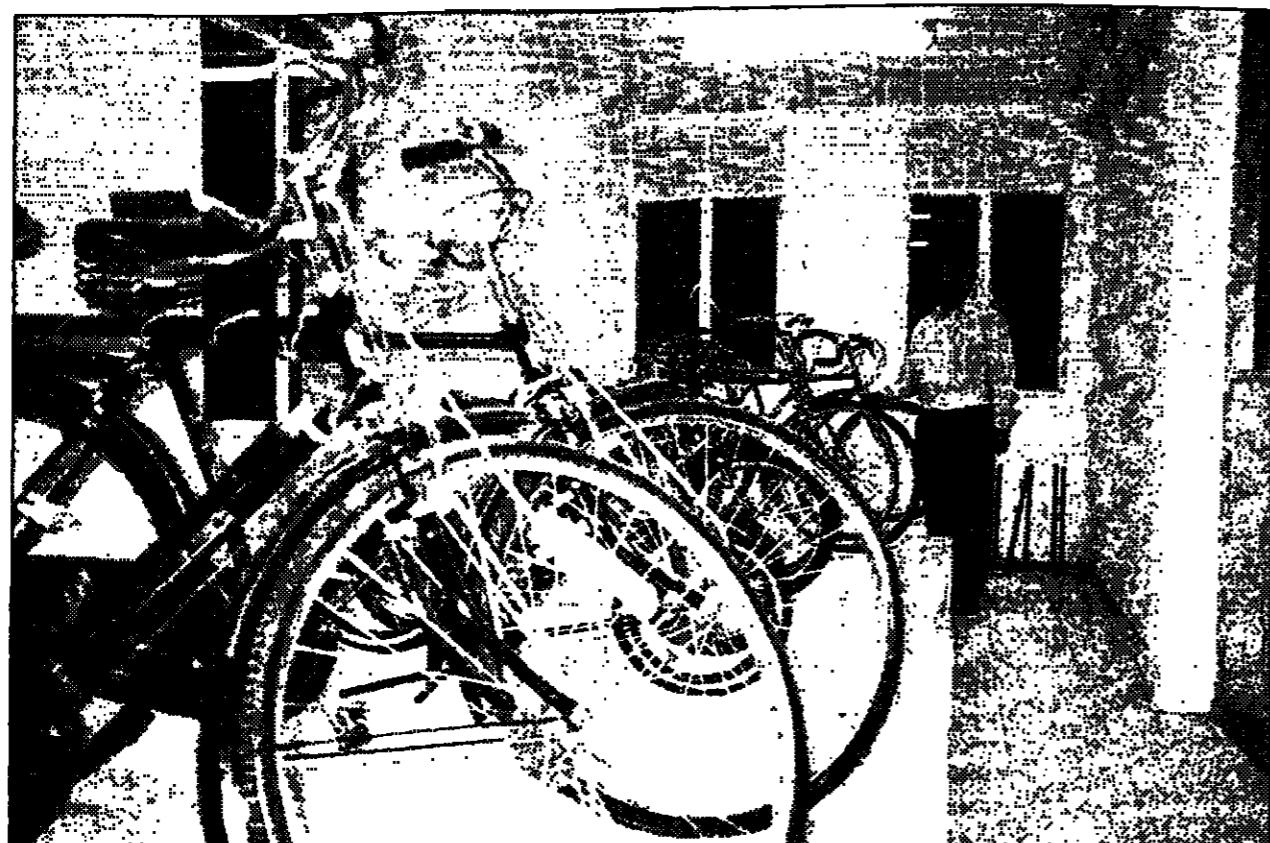
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NEW BICYCLES FOR THE NEW ERA

A new factory aims to produce 500,000 bicycles a year, employing 200 Ugandans.

When the first made-in-Uganda bicycles started to roll out of a brand-new Kampala factory in August, it was the culmination of a long and enthusiastic journey for Hari Chand Goyal, chairman of Roadmaster Industries of India.

The journey started in 1985 when RII, India's largest bicycle manufacturer, won a tender to supply Uganda with 100,000 bicycles, an order that was repeated the following year. These orders not only established India as the dominant supplier of cycles to Ugandan authorities, with the re-

sult that an integrated production line is now in full swing.

Big investment
"We realized that the project would only be viable if we had a large capacity," says Ashok Goyal, who is joint managing director of Roadmaster Cycles (Uganda) and a nephew of Hari Chand Goyal. "We have spent \$6 million on the first phase, and this will increase to between \$10 million and \$15 million in the second phase. Initial production capacity will be 300,000 bicycles a

year, with the potential to increase to 500,000 a year.

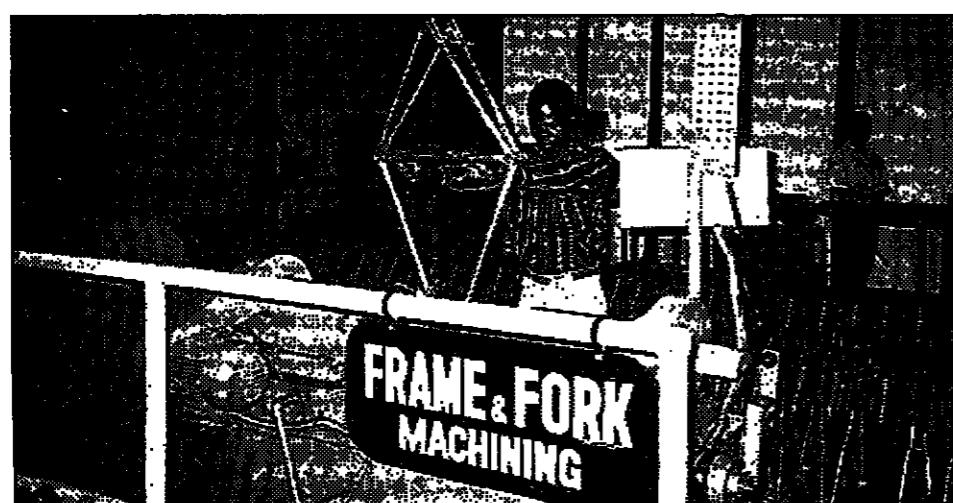
In the first phase, the plant manufactures frames, forks and mudguards. The second phase will introduce the complete manufacture of the chromium-plated components, including handlebars and wheels. The present work force of 100 Ugandans will soon more than double as on-the-job training proceeds.

Ashok Goyal is impressed by the cooperation shown by government and local Kampala authorities. "The road was tarred in two days and the electricity installed in three days. I am sure we could not have had such facilities in other countries," he says. "Generally speaking, government officials have been very, very cooperative. The attitude of encouraging investment here is fantastic. Of course, it has helped that people have been proud to have a bicycle plant in their country."

Future exports
Much of the potential for Roadmaster's investment lies in exporting to other countries in the region and even to Europe, says Mr. Goyal.

The parent company is also a leading force in India's dairy industry, and the Uganda subsidiary is now actively exploring the possibilities presented by Uganda in this field.

It has already established a trading arm, buying and exporting Ugandan agricultural commodities. This has helped to boost the rapid growth of the subsidiary, which Mr. Goyal says is already turning over about \$15 million a year.



The first phase of bicycle production — frame machining. Soon all phases will be completed in Uganda.



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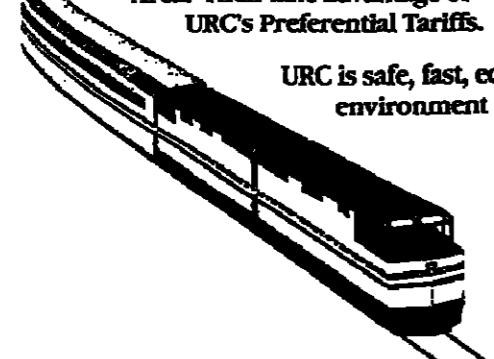
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FAMILY'S REVIVED FORTUNE
BRINGS IN THE SUGAR

A leading business contributor to Uganda's economy expands into new areas.

Last April, the Madhvani family displayed its renewed commitment to Uganda with the full commissioning of its Kakira Sugar Works, Uganda's largest sugar factory. After 10 years of rehabilitation work, helped by a \$50 million World Bank loan, Kakira is once again the established centerpiece of the Madhvani industrial group, which includes breweries, soap and oil factories, flour mills, metal works and a tea plantation.

For the first time since 1972, Kakira is producing white sugar at its capacity of 70,000 tons a year. When the Madhvani first returned to Uganda in 1988, the cane fields were overgrown, and the factory was badly broken down.

Now, the family has reclaimed Kakira as its permanent home in honor of the dynasty's founder, Muljibhai Madhvani — who set up his first business in Uganda about 80 years ago. The factory and cane plantations employ almost 10,000 people and are a major contributor to the economy of the Jinja area. The Kakira company harvests its own sugarcane estate of 7,400 hectares, and local farmers produce from an additional 3,500 hectares. As more farmers turn to sugar, the factory's consumption may soon double from its present level of 2,500 tons of cane per day.

"We have managed to rebuild nearly all of our industries," says one of the group's directors, Kamlesh Madhvani, "although we are still working on the steel mill, glass works and textile plant. We are very bullish about the Ugandan economy."

Moving into modern sectors
Mr. Madhvani expresses the hope that the government will clarify its industrial policy and provide greater incentives for value-added activities like textiles — especially now that Uganda's high-quality cotton production is undergoing a revival.

"We are very bullish about the Ugandan economy," says Kamlesh Madhvani, one of the directors of a leading industrial group

"We are a major contributor to the Ugandan economy," says K. P. Eswar, the company secretary. "And as a group we are one of the largest sources of tax for the government." The fact that the Madhvani's Nile Breweries — Uganda's largest producer of beer — is expanding its production from 40,000 to 200,000 crates a month can only be good news for drinkers, for the Madhvani's and for the Uganda Revenue Authority.

UGANDANS REPLANT THEIR WILD GARDEN

The rise in world coffee prices is helping to finance a general surge in agricultural production.

Driving northward from Kampala along the busy Bombo road, one quickly reaches the green, rolling country that characterizes much of Uganda. Here the villagers plant their small farms with a variety of crops side by side: matooke bananas (the staple food in this part of the country), cassava, sweet potatoes, maize, beans, groundnuts and coffee bushes. If well-planned, it is a combination that provides a healthy basic diet and a small cash income.

While most Ugandan villagers are well-used to taking care of their own survival, they still have a long way to go in developing their earning capacity. It is the government's intention that the benefits of recent research work on cash crops, together with the liberalization of buying systems, will soon revolutionize farmers' attitudes and methods.

As coffee growing is still largely undertaken on small-holdings, last year's upsurge in world coffee prices was an unexpected boon to a large section of the rural population. For the first time since the monopoly of the Coffee Marketing Board was broken up in 1992, farmers saw a significant rise in the prices they were offered, although at their highest level of \$1 per kilogram, they did not benefit from the peak world robusta price of \$4 per kilogram.

Export earnings
The coffee boom saw a scramble for beans by nearly 100 registered exporters, and the quantity exported surged from little over 2 million bags in 1993, earning the country \$107 million, to 3 million bags in 1994, when export earnings from coffee exports jumped to \$343 million.

The Uganda Coffee Development Authority is now refocusing its efforts on ensuring that Uganda's coffee keeps its high-quality reputation, undertaking research and ensuring that the research findings reach the farmers," says Trade and Industry Minister Richard Kajjuka. The government now hopes to see a widespread adoption of high-yielding coffee varieties.

While there is still some way to go in encouraging the growth of farming and effective storage and marketing practices, at least the agricultural sector as a whole is beginning to attract the attention of the planners.

Cotton opened up
One area of special focus is cotton, the production of which collapsed from 470,000 bales in 1970 to only 31,900 bales in 1990. With World Bank financial assistance, the ginning and export of cotton is being opened up to private participation

with a view to increasing production to about 160,000 bales, equivalent to an export value of \$44 million.

A return to order and growth in Uganda's agricultural sector is also being seen in the large plantations. Last year, when the Commonwealth Development Corporation took charge of the six tea plantations that it had acquired from the Uganda government, it found that some of the tea bushes had grown to a height of 30 feet. "It was something no one had ever seen before but luckily, once we cut the bushes back, we found that they still produce as strongly as ever," says a CDC manager.

Neglect of old-established plantations was a hallmark of the economic chaos that followed General Idi Amin's seizure of power in 1971. By 1985, all plantations had stopped producing and even the basic food crops could not be moved to the markets for lack of roads and vehicles. Ten years on, nearly all the large tea and sugar plantations are back in business and set for renewed growth.

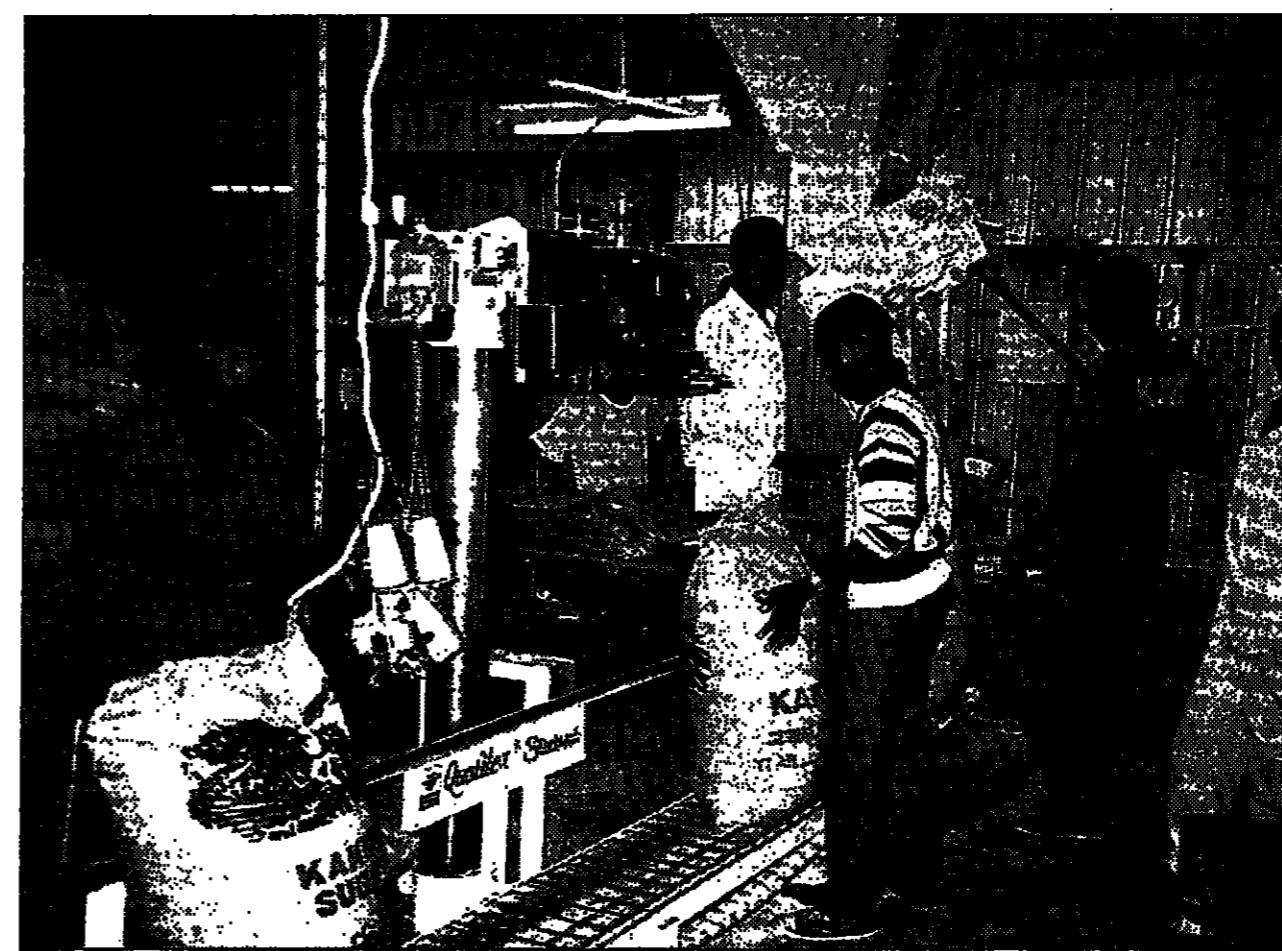
Nontraditional boom
With the return of private investors in recent years, the area of greatest growth has been in the so-called "nontraditional" exports, such as flowers, beans and spices. Adventurous entrepreneurs are experimenting with crops that have never been tried here before, such as cocoa and oil palm.

Summarizing the improvements that still have to be made to maximize Uganda's agricultural performance, a World Bank report identifies the following: improvements in technology generation and dissemination; the responsiveness of the capital market and the availability of long-term finance; access to hitherto underutilized areas; the re-establishment of peace north of Lake Kyoga; and land tenure security and the establishment of freehold tenure.

Satisfaction and strategy
Mr. Kajjuka is satisfied by current trends, particularly by the continuing growth in exports of crops such as maize, beans and sesame seeds.

"All our neighbors are in need of food, and we'll continue to be the granary," he says. Looking 10 years into the future, he adds: "Uganda has great potential to add value to its products and to reach a wider international market."

It is a strategy that needs continued investment in efficient, low-cost production as well as in the latest processing technology.



At Uganda's largest sugar factory, the Kakira Sugar Works, 2,500 tons of cane are daily turned into bags of white sugar.

RICHARD BYNKE

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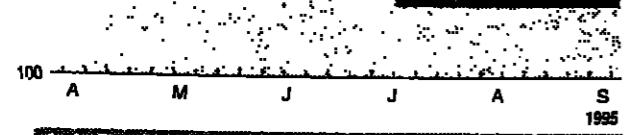
THE TRIB INDEX: 124.13 Up 0.45

International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.

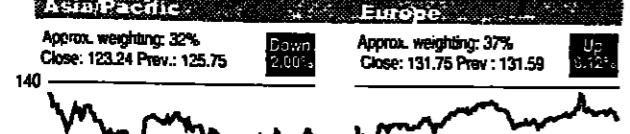
130



World Index
10/1/95 close: 124.13
Previous: 124.69



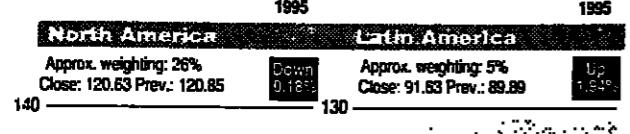
Asia/Pacific
Approx. weighting: 32%
Close: 123.24 Prev: 125.75
Down 2.00



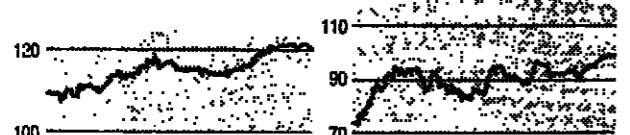
Europe
Approx. weighting: 37%
Close: 131.76 Prev: 131.59
Up 0.17



North America
Approx. weighting: 26%
Close: 120.63 Prev: 120.85
Down 0.22



Latin America
Approx. weighting: 5%
Close: 91.83 Prev: 89.89
Up 1.94



World Index
10/1/95 close: 124.13
Previous: 124.69

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Japan, Luxembourg, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization, otherwise the top 20 stocks are tracked.

Industrial Sectors

	Wed. close	Prev. close	% change		Wed. close	Prev. close	% change
Energy	123.15	123.60	-0.36	Capital Goods	129.93	129.86	+0.21
Utilities	124.42	123.86	+0.61	Raw Materials	140.26	139.52	+0.54
Finance	115.43	117.37	-1.65	Consumer Goods	128.18	128.15	+0.02
Services	117.62	118.34	-0.61	Miscellaneous	138.58	138.27	+0.22

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

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Chrysler Posts Fall In Profit

Minivan Output Slowed in Quarter

Compiled by Our Staff From Dispatches

HIGHLAND PARK, Michigan — Chrysler Corp. said Wednesday its earnings fell 46 percent in the third quarter on reduced minivan output, rising sales incentives, startup costs for new vehicles and economic problems in Mexico.

The third-largest U.S. carmaker said net income was \$354 million, or 91 cents a share, compared with \$651 million, or \$1.76 a share, a year earlier. Revenue rose slightly, to \$12 billion from \$11.7 billion.

The results were close to average Wall Street expectations of 93 cents a share, based on a survey of 13 analysts by Zacks Investment Research.

The fall in production of minivans was due to a changeover to a new model and the need to bring a second North American minivan plant on line.

The third quarter is often a low point for automakers because of the cost of model changeovers as well as reduced sales during the summer.

But Chrysler's profit was higher than in the second period, and the latest period was the third-best third quarter in the company's history, Chairman Robert J. Eaton said.

Chrysler shared shareholders in the second quarter with an unexpected 36 percent drop in earnings that it blamed on costs of launching its redesigned minivan and cash rebates to car buyers.

The automaker cut incentives in the third quarter from \$1,035 per vehicle to \$870, still far above the average of \$520 the company gave out last year.

Mexico's depressed economy also hurt Chrysler's bottom line, as its sales in Mexico plummeted 75 percent in the quarter.

(Bloomberg, AP)

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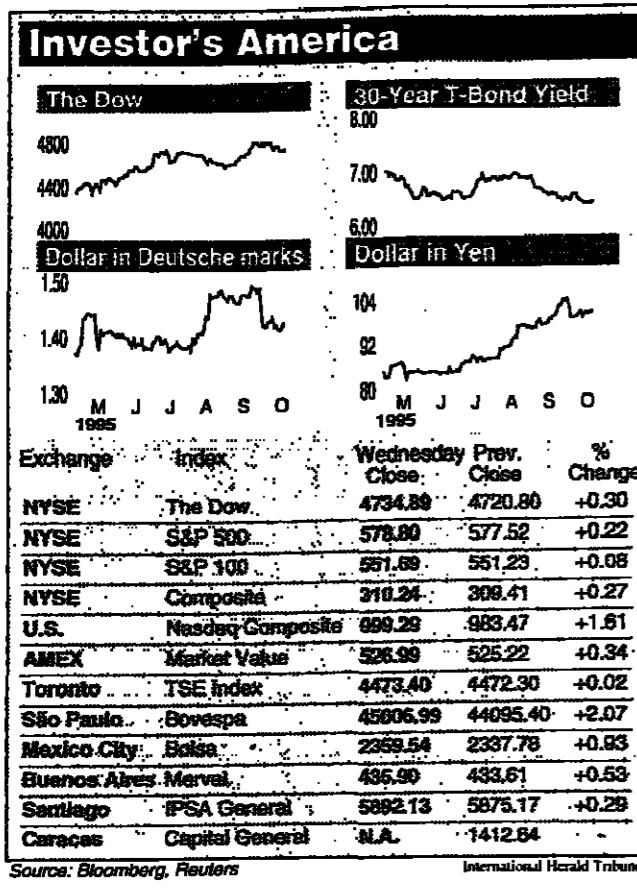
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Daiwa Affair Angers U.S. Officials

By Paul Blustein
Washington Post Service

WASHINGTON — Japanese officials' failure to immediately notify U.S. bank regulators of huge trading losses at Daiwa Bank's New York branch has angered American officials and raised concerns about Tokyo's credibility in cooperating with other governments at a time when its banking system is in deep trouble.

Spokesmen for the Treasury and for the Federal Reserve Bank of New York, which supervised the Daiwa branch, reacted icily to disclosures that the Japanese Ministry of Finance knew about the confessions of a trader in Daiwa's New York office six weeks before it informed U.S. regulators, analysts said. That could have serious repercussions if a crisis erupts in the Japanese banking system, which is laboring under an estimated \$500 billion in loan losses.

"As a matter of policy, if Japan or any country's regulatory authorities become aware of significant financial issues of concern to the United States, we would expect to be fully informed in a timely manner," said Howard Schloss, the Treasury's top

spokesman. "If this were not to occur, it would be a matter of great concern to us."

Peter Bakstansky, a spokesman for the New York Fed, refused to say whether the blame for late notification lies with Daiwa or the Finance Ministry. But he said he was "disturbed" by reports he received from Japan. "We would expect to be notified as soon as is practicable about a problem or violation involving a bank under our jurisdiction," he said.

The delay in notification did not threaten either Daiwa's solvency or the U.S. banking system. But it could erode the trust that foreign bank regulators have in their Japanese counterparts to be forthcoming about problems at Japanese banks, analysts said. That could have serious repercussions if a crisis erupts in the Japanese banking system, which is laboring under an estimated \$500 billion in loan losses.

"The systemic risks inherent in today's international markets are extreme and lightning fast, as recently evidenced by such events as Mexico's currency crisis and the overnight bankruptcy of Barings," Charles E. Schumer, a New York Democ-

rat who is a senior member of the House Banking Committee, said in criticizing the actions of Japan's Finance Ministry.

■ Finance Minister Defends Actions

Japan's finance minister fended off charges the government's response to Daiwa Bank's bond trading loss was slow, saying initial details were too vague to evaluate the scandal's severity, Bloomberg Business News reported from Tokyo.

"The Ministry of Finance didn't want to raise concerns before we knew the facts," said the minister, Masayoshi Takemura.

Mr. Takemura defended the ministry's reluctance to notify U.S. authorities, saying Daiwa needed time to confirm the loss.

"I don't think the reaction was late," Mr. Takemura said. "Daiwa was conducting an investigation of the events" to confirm the loss had occurred.

Mr. Takemura also said he had not been informed of the details of a \$97 million bond trading loss incurred by Daiwa Trust Co., a U.S. unit of Daiwa Bank, until the second loss was announced at a bank press conference Monday.

Stocks Ride Rails And Technology

Compiled by Our Staff From Dispatches

NEW YORK — Stocks rose Wednesday, led by gains in technology companies and railroads.

The release of better-than-expected earnings from such high-tech companies as C-Cube Microsystems and Seagate Technology helped spark across-the-board gains in stocks of chip-

U.S. Stocks

makers, computer manufacturers and other technology companies. Seagate rose 1% to 40%, while C-Cube surged 5% to 49%.

The Dow Jones industrial average rose 14.45 points, to 4,735.25. Advancing issues outnumbered declining ones by a 7-to-4 ratio on the New York Stock Exchange.

The Nasdaq composite index, which contains many technology companies, rose 16.09 points, to 999.56.

Among other strong technology stocks, IBM rose 1% to 92%, and Microsoft rose 2% to 86%.

Wal-Mart fell 1 to 22% on concern that sales might not be strong going into the year-end holiday period.

Mr. Riley, chief investment officer at Bank of Boston, said, "worries about the quality of third-quarter earnings, which precipitated a sharp fall in stock markets Monday and Tuesday, had abated."

"The prevailing opinion is that most of the negatives are already out on the third quarter," Mr. Riley said.

(Bloomberg, AP)

The bond market was near steady as investors declined to place bets before the U.S. government releases inflation reports Thursday and Friday, traders said. The price of the 30-year Treasury bond rose 3/32, to 105 28/32, while its yield slipped to 6.43 percent from 6.44 percent Tuesday.

Transportation stocks rallied after CSX, the Virginia-based railroad, announced a 2-for-1

stock split and raised its quarterly dividend 18 percent, to 52 cents a share.

CSX rose 3% to 81 1/4, while stock in the recently merged Burlington Northern Santa Fe railroad gained 1 1/4 to 75. Norfolk Southern rose 1 1/4 to 75 3/4 and Illinois Central gained 1 1/4.

Union Pacific Resources Group was the most active Big Board issue, finishing at 22 in its first day of trading after Union Pacific Corp. offered a 15 percent stake in the oil-and-gas company for \$21 a share.

Auto stocks rose after a report that General Motors raised its fourth-quarter production schedule by almost 3 percent. That overshadowed a report of a fall in third-quarter profit at Chrysler.

GM rose 3% to 40 1/4 and Ford gained 1/2 to 30. Chrysler rose 1/2 to 52%.

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(Bloomberg, AP)

Business Travelers Get Booking Control

By Jane L. Levere
New York Times Service

Very briefly:

Halliburton Spins Off Insurance Unit

DALLAS (Bloomberg) — Halliburton Co. said it would leave the insurance industry by spinning off its Highlands Insurance Group Inc. to shareholders and taking a charge of \$67 million, or 59 cents a share.

Halliburton will distribute to its shareholders one share of Highlands Insurance stock for every 10 shares of Halliburton they own. In shedding Highlands, Halliburton gives up on a unit that posted a loss of about \$67 million in the third quarter.

Halliburton, a 76-year-old company best known for making oilfield equipment, said it would show a "significant improvement" in third-quarter profit from continuing operations.

• Harley-Davidson Inc.'s third-quarter earnings slipped to \$23.7 million from \$23.8 million a year ago as rising motorcycle sales were offset by falling revenue from clothing and accessories

• Microsoft Corp. said it would buy a minority interest in Individual Inc., a closely held provider of electronic information services. Terms were not disclosed.

• Bank of Boston Corp. said it would buy Boston Bancorp for about \$40 million more than the thrift's adjusted net book value at the time the purchase is completed. That could put the price as high as \$226 million.

• Charles Schwab & Co. said it was adopting a system that would automatically seek top prices for customers in the 3,500 in which the firm acts as a dealer.

• Michael Steinhardt said he would leave Steinhardt funds at the end of the year to pursue other interests. Mr. Steinhardt said he would return to investors their capital in Steinhardt funds, with a substantial portion of the distribution beginning by year-end.

LAT, Bloomberg, Reuters

Compiled by Our Staff From Dispatches

LONDON — The French franc gained against the Deutsche mark on Wednesday, as investors expressed relief that French legal authorities would not prosecute Prime Minister Alain Juppé over a housing scandal.

In Paris, the mark slipped to 3,491 francs from 3,508.5.

A taxpayers' association sought to have Mr. Juppé prosecuted for leasing an apartment

from the city of Paris at low rent when he was in charge of the city's finances.

A Paris prosecutor dropped the case, provided that Mr. Juppé move out of his apartment before the end of the year. "That decision was highly beneficial to the franc," said Marc Buffenoir, an analyst at Lazard Frères & Co.

François Baroin, a government spokesman, vowed to resist foreign-exchange markets, which he said were trying to damage the franc to push the government to trim budget deficits.

USAir and its code-share partner and partial owner British Airways are slated to be the first to introduce the technology later this month. United Airlines, which earlier this year introduced a personal booking system on CompuServe called the United Connection, will release a disk-based version of the system in November.

Radisson, which has been testing disks among 100 of its most frequent guests, plans to distribute them more widely once the trial is completed in November.

"The idea is that if you're on a plane and you're going to miss your connection, you can plug in your modem and change your reservation instead of having to find the customer-service agent when you land, along with everyone else who needs to change," said Maureen O'Hanlon, vice president of marketing at Carlson Cos.' Radisson Hotels Worldwide, one of the concerns that has been testing the concept.

"Well, the government does

■ France Helps Dollar Rise

The dollar rose Wednesday as the recovery of the French franc helped weaken the Deutsche mark, Bloomberg Business News reported from New York.

Traders said the dollar also drew support from speculation that the world's leading central banks would intervene to support the dollar.

Monetary officials from the Group of Seven leading industrial

alized nations said during a weekend meeting in Washington that they would strive "to reduce imbalances and to cooperate closely in exchange markets."

The dollar rose 14255 DM in late trading, from 1,4181. It rose to 101.03 yen from 100.73.

Against other currencies, the dollar rose to 4,9645 French francs from 4,9593, and to 1,1565 Swiss francs from 1,1483.

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ASIA/PACIFIC

Coles Myer Plan Fails With Critics Funds Want Chairman Out

Compiled by Our Staff From Dispatches

SYDNEY — Coles Myer Ltd.'s chairman, Solomon Lew, said Wednesday he would step down from his executive role as Australia's largest retailer announced a broad restructuring to try to please institutional investors seeking a shakeup.

The proposal did not go far enough, though, for some of Coles's largest shareholders, who want Mr. Lew, whose title would change to nonexecutive chairman, replaced with an independent chairman.

The three big funds that engineered a shake-up at the foods concern Goodman Fielder Ltd. last year — AMP Investments, State Super Corp. and Bankers Trust Australia — said they would try to replace Mr. Lew and other directors at Coles Myer's annual meeting Nov. 21.

Falling Prices Negate NEC's PC Sales Gains

Bloomberg Business News

TOKYO — NEC Corp. said Wednesday that revenue from sales of personal computers rose 16 percent in the half year ended in September, but that falling prices had kept profit at the same level as a year earlier.

Japan's largest personal-computer maker said revenue rose to 415 billion yen (\$4.15 billion) in the half year on unit sales of 1.56 million PCs, 68 percent higher than in the same period last year. The company predicted full-year PC revenue of 940 billion yen on sales of 3.56 million units. NEC does not publish profit data for its PC business.

Yoshi Takayama, associated senior vice president, said. "Falling prices means profitability is only the same as last year. We don't see much increase in the second half." He said a shortage of parts kept NEC from filling 60,000 orders in the first half.

APEC Members Raise Pressure on Japan

Compiled by Our Staff From Dispatches

TOKYO — Japan came under pressure Wednesday to break an impasse in the Asia-Pacific Economic Cooperation forum over how to deal with agriculture in a regional free-trade agreement.

Winding up talks on an "action agenda" for next month's summit of the group in Osaka, officials of several of APEC's 18 members said there had been no change in the positions of Japan, China, South Korea and Taiwan, which seek concessions for agriculture and other sectors.

"Where there seems to be a difference of view at the moment is whether something more than flexibility should be allowed for specific sectors. That's a question the majority should not even be asked," Tony Müller, the director-general of Hong Kong's trade department, said.

"Most of us feel that the Bogor declaration, the vision expanded by leaders last year in Indonesia, is categoric. It's all embracing. It doesn't say some trade; it says all trade in goods and services."

In the Bogor declaration, APEC leaders adopted a non-binding plan for industrialized members to achieve free trade and investment in the region by

Coles's reorganization calls for separating its key businesses and creating several new public companies with separate management and directors.

The retailer called its reorganization plan "a bold move," though it supplied few details and said the plan would take a year to implement if approved at a special meeting of shareholders. It did not mention a date for the meeting.

The restructuring proposal followed weeks of controversy triggered by the ouster of a Coles finance director who had questioned a secret transaction that had cost the retailer 18 million Australian dollars (\$13.6 million) and benefited a company in which Mr. Lew has an interest by the same amount.

Coles, with annual sales of 16.8 billion dollars, accounts for about 17 cents of every retail dollar spent in Australia.

Lawrence Gruzman, a shareholder activist, dismissed Mr. Lew's proposals as "a desperate attempt to cling to control in order to continue the unethical trading with Coles."

Analysts were equally skeptical. David Perry Austock Brothers said the reorganization would be seen "as a bit of a diversion" rather than a serious effort to solve problems.

(Bloomberg, Reuters, AFX)

Honda Shifts Into High Gear

New Models Speed Growth of Sales and Profit

Compiled by Our Staff From Dispatches

TOKYO — The weakening yen, strong demand for the Odyssey multi-purpose vehicle and success with other new models mean Honda Motor Co.'s profit is on track to double in the current financial year, industry analysts say.

Honda, which is expected to announce its half-year results in November, forecast in May it would have current, or pretax, profit at the parent-company level of 30 billion yen (\$297.8 million) for the year that ends March 31, 1996, compared with 30.83 billion yen in its previous year.

The company has not changed its official forecast, but analysts say it now looks more conservative.

Current profit includes gains and losses made on investments in securities and other nonoperating activities, but Honda said it did not have any stock-market investments.

"Honda's current profit will be 60 billion yen in the year, mainly helped by the weaker yen and strong demand for its Odyssey," said Noriyuki Matsushima, an analyst at Nikko Research Center.

Seiichiro Iwasawa, an analyst at Nomura Research Institute, said parent-company current profit, which does not include results from all the automaker's subsidiaries, could reach 50 billion yen, helped by the yen's decline in value in the last six months, as the dollar has recovered to around 100 yen from a low of 79.75 yen in April.

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Retain investor can apply for shares at 2.15 dollars. If the final price is lower, they will be refunded the difference.

The price is between 11.3 times and 12.5 times the company's projected 1996 earnings, about the same multiple as its competitor Coles Myer.

The final price will be announced Nov. 27, the day the shares begin trading.

On Monday, Honda unveiled a five-door sports utility vehicle, the CR-V. It is the first such vehicle fully developed by Honda.

The company set a monthly sales target of 3,000 a month, but Mr. Iwasawa called that target "too conservative" and predicted the CR-V "will face stronger demand than the company's forecast."

Honda's managing director, Riku Iwai, said he hoped to more than double the official sales target for the CR-V in the initial period. The CR-V is priced to compete with Toyota Motor Corp.'s RAV4 and Mitsubishi Motors Corp.'s RVR, he said.

Another Honda executive, who asked not to be identified, said strong initial orders indicated that sales would surpass the target of 3,000 in the first month.

In fact, he said, the carmaker already had about 3,000 orders for the CR-V before its launch Monday.

A Honda spokesman said the company expected to release sales figures sometime next week.

Several analysts agreed that the CR-V should fare well in the market. Mr. Iwai said the company's price as "shocking low." The Japanese selling price for the CR-V is to range from 1.72 million yen to 1.98 million yen, whereas the five-door RAV4 has a price of between 1.67 million yen and 2.03 million yen.

Among its other models, Honda had sold 112,000 Odysseys as of the end of

last month, and the automaker's spokesman said it had a domestic backlog of orders for 8,000 more.

The Odyssey was Honda's first offering for the rapidly growing recreational vehicle segment of the Japanese market. Honda launched the model Oct. 21, 1994, with a monthly sales target of 3,000. It now sells 14,000 to 15,000 Odysseys a month in Japan, and sales are expected to continue at a similar pace in October, the spokesman said.

So far this year, Honda has seen sales rise 15.2 percent from a year earlier, with the growth led by sales of the Odyssey.

(Reuters, Bloomberg)

■ 'Asian Car' Project Studied

Mitsubishi Motors may develop a car model that would be manufactured and sold only in Asian markets outside Japan.

Bloomberg Business News reported.

Mitsubishi said it had not made any firm decision on the project.

Other Japanese automakers, including Honda and Toyota, have unveiled similar plans. Japan's carmakers see a number of benefits to such models, dubbed "Asian cars" by the Japanese press.

They help Japanese carmakers reduce costs and decrease their reliance on exports; they allow manufacturers to cater to local taste, and new tariff agreements among members of the Association of Southeast Asian Nations have made local production economically attractive.

Investor's Asia

Exchange	Index	Wednesday Close	Wednesday Prev. Close	% Change
Hong Kong	Hang Seng	9,635.06	9,730.92	-0.99
Singapore	Straits Times	2,128.96	2,114.83	+0.67
Tokyo	Nikkei 225	17,891.19	18,176.30	-1.57
Kuala Lumpur	Composite	958.88	970.75	-1.23
Bangkok	SET	1,323.00	1,317.26	+0.44
Seoul	Composite Index	1,011.00	1,004.16	+0.68
Taipei	Stock Market Index	5,165.36	5,260.78	-1.81
Manila	PSE	2,588.82	2,600.00	-0.43
Jakarta	Composite Index	495.99	495.99	+0.00
Wellington	NZSE-40	2,091.33	2,081.61	+0.47
Bombay	Sensitive Index	3,561.43	3,553.79	+0.21

Source: Telekurs

International Herald Tribune

Very briefly:

• Reliance Industries Ltd., India's largest private-sector company, said net profit rose 33 percent, to 6.33 billion rupees (\$187 million), in the first half of its fiscal year.

• CSR Ltd., the Australian building products, sugar and aluminum company, said it expected that its first-half year trading profit would be 15 percent lower than a year earlier.

• South Korea will allow foreign companies to issue securities and list them on the Korea Stock Exchange in the first half of 1996, the Finance and Economy Ministry announced.

• Asia Satellite Telecommunications Co. said China's state launching company was ready to send its AsiaSat 2 into orbit by early December after a delay of almost a year; it expects to launch AsiaSat 3 in 1997.

• Marks & Spencer, the British retailer, plans a cautious start in China with a single Shanghai store, but could quickly expand nationwide into a 50-outlet chain, a company spokeswoman said. Marks & Spencer is working with its British suppliers to establish sourcing in China, she added.

• Cats Inc., a Japanese pest-control company, made its debut on the over-the-counter market Wednesday, with shares trading at 1,200 yen (\$12), compared with the offering price of 590 yen.

• Acer Inc., Taiwan's largest maker of personal computers, began selling 85 million shares to overseas investors, an investment bank familiar with the sale said; at Wednesday's closing price of 66 Taiwan dollars (\$2.45), the sale would raise 5.61 billion dollars.

• Depositors rushed to withdraw funds from the District Farmers Cooperative for a second day this week in Taiwan's third bank run in three months.

Reuters, Bloomberg

Hong Kong Lures New Stock Investors

Bloomberg Business News

HONG KONG — Hong Kong companies are doing what seemed impossible just months ago: finding buyers for new stock.

The market is up and investors are looking for ways to put money into China without buying the stock of Chinese companies.

Companies including New World Development Co. and China Resources Holdings Ltd. are taking advantage of the situation by spinning off subsidiaries. Smaller companies are riding in their wake, selling shares to the public for the first time.

"The timing is right," said Ravi Narain, research director at Peregrine Brokerage Ltd. "It makes sense for these companies to come to market now."

Some investors here and abroad expect China to ease credit early next year if it can get inflation under control.

This week, unlisted China Resources said it had received nine bids for each share it was selling in its food unit, Ng Fung Hong Ltd. The sale is expected to raise 630 million Hong Kong dollars (\$81.5 million), largely for acquisitions in China.

Ng Fung Hong, Hong Kong's largest distributor of meats and produce, sold 390 million shares at 11.5 times its forecast 1995 earnings — twice the price/earnings ratio of some Hong Kong competitors.

"It's really not cheap," said Ambrose Chang, who manages \$350 million for East Asia Hamon Asset Management.

Yet Mr. Chang said he bid for several million shares because he thinks they may rise as much as 15 percent within weeks.

Ng Fung Hong starts trading on Oct. 25. Judging by previous sales, Mr. Chang could be right.

Take Magician Industries Holdings Ltd.,

a maker of household products. It's one of about eight small Hong Kong companies to sell new shares since July. The stock rose as much as 23 percent on its first day of trading on Wednesday.

Shares in Cathay Pacific Airways were little changed after China again warned of turbulence ahead of its Hong Kong dominant carrier.

Analysts expressed surprise that Cathay's stock hardly reacted to comments reported on Wednesday morning's press by a top airline Chinese aviation industry official, Shen Yuankeng. He said that a Hong Kong airline now being planned by the China National Aviation Corp. would offer Cathay "healthy competition."

The airline's shares fell 5 Hong Kong cents, to 12 dollars, on Wednesday.

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NYSE

Wednesday's 4 p.m. Close

• Nationwide prices, not reflecting local trades elsewhere.

Continued on Page 2.

If you're looking for interesting investment opportunities, you could travel to all seven continents, familiarize yourself with the local languages, customs, and economies, analyze their five-year currency fluctuations, establish domestic lines of credit, and study the unabridged texts of the local tax, securities, and limited partnership regulations.

OR YOU COULD JUST TALK TO
YOUR PRIVATE BANKER.

Only your Citibank Private Banker, who's committed to understanding your needs and aspirations, can draw on an incomparable combination of resources—the expertise and unmatched presence of the world's most global bank. It all comes together through your relationship with your Private Banker. Your Private Banker works with Citibank specialists to create an investment strategy based on an in-depth knowledge of your income requirements, tax liabilities, return expectations, and tolerance for risk. Drawing on Citibank's on-the-ground experience and expertise in local markets, both emerging and emerged, they will help you pinpoint those opportunities that are right for you and avoid potential problem areas—providing superior global delivery, with the utmost security and confidentiality. And you will be comfortable knowing that they are on top of developments that may affect your portfolios, and will help you make timely decisions accordingly. To further explore the rewards of a relationship with The Citibank Private Bank, please call: in London, Juliet Roadnight, 44-171-409-5978; in Paris, François Hervé, 33-1-4443-4501; in Geneva, Claudine Monnet, 41-22-317-5424; in Luxembourg, Ronald Schlessner, 352-45-1414-520.

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■ THE NEW FRANCE: IMPLICATIONS FOR GLOBAL BUSINESS <i>Paris, October 16-17</i>	■ THE BALKANS SUMMIT: THE ECONOMIC & POLITICAL OUTLOOK <i>Athens, October 30-31</i>
■ THE UNITED GERMANY: IMPACT ON BUSINESS & THE ECONOMY. <i>Berlin, October 19</i>	■ OIL & MONEY: POLITICS & PROFITS <i>London, November 2-3</i>
	■ GLOBAL FUND MANAGEMENT <i>Singapore, December 4-5 & 6</i>

For further information about any of the above conferences or for 1996 program details, please telephone or fax

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SPORTS

Russia Wins Its Group, France Beats Romania

Compiled by Our Staff From Dispatches

Russia became the first country, besides host England, to guarantee its place in next year's European Championship soccer finals when it beat visiting Greece, 2-1, Wednesday.

France upset Group 1 leader Romania, 3-1, in Bucharest to give itself an excellent chance of qualifying, while Bulgaria suffered its first defeat and missed a chance to clinch the top place in Group 7 when it was upset, 2-1, by Georgia in Tbilisi.

In Cardiff, Jürgen Klinsmann scored 10 minutes from time to give Germany a 2-1 victory over Wales in their Group 7 qualifier.

The Germans pulled level on points with Bulgaria at the top of the group.

But the Bulgarians, who won 3-2 when the two countries met in Sofia in June, retain the lead going into their final, decisive qualifying match in Germany on Nov. 15.

A 71st-minute goal from Viktor Onopko, former Russian player of the year, gave his team its victory and ensured that Russia would win Group 8 and take the one automatic qualifying berth.

Yuri Kovin put the Russians ahead after 36 minutes before Yotis Tsalouhides equalized in the 64th minute. Seven minutes later, Onopko wrapped up the points.

Russia's victory also meant that Scotland will finish second in the group, ahead of Greece.

In other Group 1 action, Israel handed Azerbaijan its ninth consecutive defeat with a 2-0 victory in Tel Aviv, while Slovakia ended Poland's hopes with a 4-1 defeat in Bratislava.

Liechtenstein ended its 10-match qualification series with its ninth defeat, a 4-0 loss at home to Northern Ireland. Cyprus drew, 1-1, with Macedonia in a Group 2 game.

Names' Christian Karembeu put France ahead at the half-hour when he headed Zinedine Zidane's cross past Romania's goalkeeper, Bogdan Stelea, then followed up by ramming the ball home with his left foot.

Midfielder Yotis Djorkaeff increased France's lead three minutes after the interval when he netted the rebound after

Stelea parried a shot from Christophe Dugarry.

Stelea, Bucharest striker Marius Lacatus pulled one back with a fine solo effort in the 52d minute before Zidane put the result beyond the Romanians in the 72d.

That left France a point behind Romania with one match to go.

Romania now needs to win its final match, in Slovakia on Nov. 15, and hope that France loses at home to Israel on the same night, to ensure first place.

A third-minute shot by Shota Arveladze and a second-half penalty by Georgy Kinkladze, who plays for Manchester City, opened up a 2-0 lead for Georgia.

Although AC Parma star Hristo Stoichkov replied two minutes from the end, the Bulgarians couldn't stop the Georgians from posting their fifth victory against four defeats.

In Dublin, two goals by striker John Aldridge led Ireland to a 2-1 victory over Latvia in a Group 6 qualifier and kept them in contention for a place in next year's finals.

(AP, Reuters)



Bruce Grobbelaar, left, and John Fashanu outside the court in Southampton.

England Bribery Charges Detailed in Court

The Associated Press

SOUTHAMPTON, England — Former Premier League striker John Fashanu has charged with paying bribes to two goalkeepers, according to the details of England's biggest match-fixing case in 30 years that were revealed Wednesday.

Fashanu appeared in Southampton Magistrates Court along with Southampton goalkeeper Bruce Grobbelaar, Wimbledon goalkeeping Hans Segers and Malaysian businessman Heng Suan Lim, with all four released on conditional bail until Dec. 1.

They were arrested in March and charged in July with conspiring to fix matches between Feb. 1, 1991, and March 15, 1995.

The charges were disclosed during Wednesday's court appearance.

Fashanu is accused of making cash payoffs to Grobbelaar and Segers to fix two Liverpool matches in 1993 and 1994.

Grobbelaar, the former Liverpool goalkeeper, allegedly accepted £40,000 (\$63,000) from Fashanu in London on Nov. 25, 1993 to fix the Nov. 21 Newcastle-Liverpool game. Liverpool lost, 3-0.

Grobbelaar is also charged with accepting £2,000 from his former Zimbabwean business partner, Christopher Vincent, on Nov. 3, 1994 at Southampton "for improperly influencing the outcome of a football match or matches."

Segers, Wimbledon's Dutch goalkeeper, is charged with receiving £19,000 from Fashanu in London between Oct. 21 and Oct. 25, 1994, to fix the outcome of the Oct. 22 Wimbledon-Liverpool match. Liverpool won, 3-0.

The charges carry a maximum penalty of seven years in jail and/or an unspecified fine.

Fashanu's wife, Melissa Kassa-Mapsi, 29, was originally arrested and charged, but the Crown Prosecution Service has dropped charges against her.

Fashanu retired from soccer after a series of injuries and is now a host of the popular television series "Gladiators."

SCOREBOARD

FOOTBALL

CFL Standings

North Division

W L T PF PA Pts

Calgary 14 7 1 571 333 1 11 8

Edmonton 10 5 0 495 316 1 10 7

Montreal 9 6 0 465 221 1 9 6

Hamilton 7 8 0 451 291 1 8 5

Saskatchewan 5 10 0 357 383 10 7

Toronto 5 11 0 324 590 10 6

Toronto 5 12 0 385 428 10 5

Edmonton 2 13 0 255 597 4

South Division

W L T PF PA Pts

Toronto 13 3 0 489 324 26

Brampton 9 6 0 459 397 18

Saint John 9 6 0 504 359 18

Memphis 5 11 0 287 295 16

Edmonton 5 11 0 471 450 20

x-Classified playoff berth

Monday's Results

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THURSDAY, OCTOBER 12, 1995

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The Box Scores

Mariners 3, Indians 2

	AB	R	H	BB	SO	Avg.
Cleveland	3	0	1	0	2	.333
Lofton cf	4	0	1	1	1	.250
Vizquel ss	4	1	1	1	2	.250
Blair 2b	4	1	1	1	2	.250
Belle lf	5	0	0	0	1	.000
Murray dh	4	0	2	1	0	.500
Thome 3b	4	0	1	0	0	.250
Murphy ph	4	0	1	0	1	.250
McNamee 1b	4	0	1	0	1	.250
Salazar 1b	4	0	1	0	0	.250
1-Amador pr	0	0	0	0	0	—
Penix c	3	0	1	0	0	.333
Seattle	34	2	10	5	5	.294
Seattle	AB	R	H	BB	SO	Avg.
Coleman lf	4	0	0	0	0	.000
Caron 2b	3	0	1	0	0	.333
Justice lf	4	0	1	0	0	.250
Edsall ph	3	0	1	0	0	.333
McNamee 1b	3	0	1	0	1	.333
Butler lf	3	2	1	0	1	.667
Blowers 3b	4	0	1	0	0	.250
Thome 3b	3	0	1	0	0	.333
Division c	3	0	0	0	0	.000
Total	30	3	7	3	4	.233
Cleveland	807	80	108	2	108	1.000
Seattle	800	80	108	3	108	1.000
From Alman in the 8th.						
Score (1), LOR—Cleveland 12, Seattle 7.						
25—(gained 1), Cora (1), Griffey Jr (1), Buhner (1), Soje (1), 3B—Lofton (1), HR—Blowers (1) (off DeMoss), Soje (1) (off Buhner).						
1B—Thome (1), Thomas (1), Blowers (1), Soje (1), Cora (1), Griffey Jr (1), Martinez (1), Blowers (1), Salazar (1), 2B—(gained 1), 3B—(gained 1), 4B—(gained 1), 5B—(gained 1), 6B—(gained 1), 7B—(gained 1), 8B—(gained 1), 9B—(gained 1), 10B—(gained 1), 11B—(gained 1), 12B—(gained 1), 13B—(gained 1), 14B—(gained 1), 15B—(gained 1), 16B—(gained 1), 17B—(gained 1), 18B—(gained 1), 19B—(gained 1), 20B—(gained 1), 21B—(gained 1), 22B—(gained 1), 23B—(gained 1), 24B—(gained 1), 25B—(gained 1), 26B—(gained 1), 27B—(gained 1), 28B—(gained 1), 29B—(gained 1), 30B—(gained 1), 31B—(gained 1), 32B—(gained 1), 33B—(gained 1), 34B—(gained 1), 35B—(gained 1), 36B—(gained 1), 37B—(gained 1), 38B—(gained 1), 39B—(gained 1), 40B—(gained 1), 41B—(gained 1), 42B—(gained 1), 43B—(gained 1), 44B—(gained 1), 45B—(gained 1), 46B—(gained 1), 47B—(gained 1), 48B—(gained 1), 49B—(gained 1), 50B—(gained 1), 51B—(gained 1), 52B—(gained 1), 53B—(gained 1), 54B—(gained 1), 55B—(gained 1), 56B—(gained 1), 57B—(gained 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